



# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

FBIS-EAS-96-041

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**NOTICE:** An \* indicates material not disseminated in electronic form.

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**Italian Premier Arrives in Bangkok for EU-ASEAN Talks**

*LD2902114296 Rome RAI Radio Uno Network  
in Italian 1100 GMT 29 Febn 96*

[FBIS Translated Text] Prime Minister Lamberto Dini is in Bangkok to take part tomorrow and Saturday in the first meeting of the heads of state and government of the 25 countries of the EU and ASEAN. Italian Foreign Minister Susanna Agnelli is also taking part in this summit, in her capacity as chairperson of the EU Council of Ministers.

**Foreign Investment Treaty in Asia Opposed by NGO's**

*BK2802090496 Bangkok THE NATION in English  
28 Feb 96 p A3*

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Asian leaders were urged yesterday by non-governmental organizations [NGO's] to oppose the European Union's attempts to introduce a foreign investment treaty during the ASEM [Asia-Europe Meeting] meeting and the World Trade Organization [WTO] ministerial meeting to be held in Singapore at the end of the year.

Martin Khor, representative of the Third World Network, Malaysia, said that farms and small to medium-sized companies would lose their competitive edge to multinational companies should such a treaty be put into effect.

Khor, who spoke at yesterday's Asia-Europe NGO conference, said that getting Asian support for the treaty was the main goal of European leaders at the upcoming Asia-Europe meeting.

As currently written, he said, the treaty's provisions would grant European companies the right to enter all Asian markets (except defence) without restrictions, the right to establish firms in Asian countries with 100 per cent equity, and the right to receive treatment equal to that granted to local companies.

If developing countries accepted investment agreements under such a treaty, they would risk losing economic sovereignty to developed countries, Khor added.

"Asian leaders should not blindly sign the text prepared by the Europeans," said Khor. "That would lead us directly back to the era of colonialism."

The European Commission is lobbying to introduce a foreign investment treaty in the WTO, Khor said.

The treaty seems to be supported by the U.S., Japan and other northern countries, he added.

An EC paper titled "A Level Playing Field for Direct Investment Worldwide" was informally circulated among WTO diplomats in Geneva, the representative said.

The paper proposed that multilateral rules on foreign direct investment be set up, containing three principles: generally free access for investors and investment, national treatment for investors and their investment, and measures to uphold and enforce commitments made to foreign investors.

Khor said that if foreign investors were allowed 100 per cent equity, joint projects would disappear.

Investment liberalization would also deprive the government of its ability to regulate terms of foreign ownership of real estate and land, he added.

NGO representative also pointed out that under such a treaty host countries would find it much more difficult to control payment balance, and especially to take measures to get out of BOP [Balance of Payment] deficit problems.

The WTO currently invites all countries to open up their service industries to outsiders, but this need only be done on a voluntary basis, he said.

Khor said that if the treaty is negotiated among the developed countries which make up the Organization for Economic Cooperation and Development (OECD), then developing countries would at least have the choice as to whether to sign or not.

Under OECD rules, he added, if countries don't live up to their trade obligations, retaliation can only be limited to within the same sector

But the WTO's integrated dispute settlement system allows countries to carry out cross-sector retaliation, he explained.

"I don't trust the WTO. It has become the most beloved of agencies for the North to push through its agenda, including labour and human rights," Khor maintained.

Social, labour and environmental concerns should therefore not be linked to WTO trade rules, but rather expressed through grassroots, consumer and NGO campaigns.

Paul Lim, a political adviser on Asian affairs to a member of the European Parliament, declared that campaigning for human rights had not helped create change and that campaigns should instead be carried out using the language of "economic justice".



**First Asia-Europe NGO Conference Held in Bangkok**

*BK2802043696 Bangkok THE NATION in English  
28 Feb 96 p A1, A3*

[Report by Don Pathan and James Fahn]

[FBIS Transcribed Text] The first Asia-Europe NGO [Non-Governmental Organizations] conference began with a buzz yesterday as attendance, particularly by the media, exceeded all expectations.

Around 350 participants from over 100 organizations, mostly from Thailand, took part in an attempt to "put a human face" on the issues to be discussed at the upcoming Asia-Europe Meeting (ASEM) in Bangkok this week.

The meeting's conclusions will be submitted to ASEM officials tomorrow in the hope that the issues will be raised at the upcoming summit.

The keynote speech was delivered by Thailand's Sulak Siwarak, who took the opportunity to blast governments on both continents on issues ranging from unfair labour and trade practices and human rights violations to promotion of the "twin evils" of globalization and consumerism.

Sulak saved special venom for Prime Minister Banhan Sinlapa-acha and other Thai authorities, whom he accused of trying to subvert and close down the NGO conference.

Press reports yesterday morning quoted Banhan as denying any such attempts, but Sulak said he did not believe Banhan.

"Had he been a man of dignity, I'd respect him," Sulak said. "But I don't believe him. He does not have any credibility."

"This government seems democratic, but it is not democratic in essence."

Rumours that the meeting would be closed down may have accounted for the heavy media presence, said a conference organizer. About 120 visitors signed in as members of the press.

But there may have been another reason for attendance by such a large number of journalists, many of whom claimed to represent previously unknown press agencies.

Observers speculated that undercover security officials would be most likely to sign in as press visitors, since it would allow them to simply show up on the day of the event.

One plainclothes security official, who said he came from Government House but asked that his name not be mentioned, said their presence was simply a part of standard security operations. He noted that some of the conflicts surrounding ASEM leaders — such as those over East Timor and Northern Ireland, for instance — have resulted in considerable violence.

But the security officials may also have taken the opportunity to learn something from the meeting. The Government House operative said he was rather shocked to learn that the safety and health standards in Thai factories are so much lower than in European ones.

Meanwhile, about half a dozen uniformed police officers sat in isolation chatting among themselves throughout the day near the entrance to the conference hall.

Along the hallways around the meeting venue were posters telling French President Jacques Chirac to "go to hell" for carrying out nuclear tests in the Pacific. Photographs of human rights abuses in East Timor and democracy protests in Burma were also prominently displayed, in contrast to the ASEM meeting itself where such issues are expected to be delicately ignored.

The second keynote speech was delivered by Bernie Malone, vice chairman of the European Parliament's Committee on Foreign Affairs, Security, and Defence Policy. She urged business communities on both continents to pay attention to the plight of workers, and expressed concern that Europeans may be practising double standards by supporting protectionist policies nominally aimed at improving human rights and labour policies in Asia.

Participants also listened to passionate testimonies from two Thai grassroots leaders and panel discussions on economic and political issues.

About 15 Bangkok-based diplomats attended the conference as official observers on the first day of the three-day meeting, launched under the theme "Beyond Geo-Economics and Geopolitics: People's Perspective Towards a New Relationship Between Asia and Europe".

Perhaps they (the government officials) can learn something from us," said Walden Bello, co-director of Focus on the Global South, and one of the main organizers of the conference. "After all, we are more democratic than they are."

Bello said the conference is not out to make any one feel uncomfortable.

Some governments are the ones with the guilty conscience; it's their problem, not ours," he added.



In his opening speech, Sulak claimed there was no such thing as a division between East and West or North and South, but rather between rich and poor. "People in the North also suffer from the evils of consumerism and domination by multinational companies," he said.

Sulak teased the Thai Government for "becoming so excited about ASEM that it decided to grant a public holiday to ease traffic".

He also took time in his speech to promote his new book, "Modern Thai Monarchy and Cultural Politics: The Acquittal of Sulak Siwarak on the Charges of Lese Majeste in Siam 1995 and Its Consequences".

#### **APEC Subcommittee on Customs Outlines Programs**

*BK2802043196 Manila BUSINESS WORLD  
in English 27 Feb 96*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Aside from individual action plans of its member-economies, the Asia Pacific Economic Cooperation (APEC) Sub-Committee on Customs Procedure (SCCP) has enumerated the various programs that it will undertake in keeping with what has been mapped out during its last convention in Japan.

SCCP will discuss and finalize the following programs before the target year of implementation, which is 2010 for developed economies and 2020 for developing economies: feasibility study on common data element; study on APEC cargo clearance system; risk management; APEC mutual assistance guidelines; feasibility of exchanging classification rulings; development of guidelines for annexes to the Kyoto convention; port to port bay plan; air express consignment; seminar on computer application system and study missions on Singapore's computerized customs procedures; collaboration on entry data interchange; common yardstick to conduct in the time requirement for cargo clearance among members; advance passenger clearance; APEC business card; APEC business sector liaison; APEC associated laboratory project; and customs and international economic symposium.

#### **APEC Energy Data Expert Group Ends 6th Annual Meeting**

*BK2802071696 Manila PNA in English  
0002 GMT 28 Feb 96*

[Received via Internet]

[FBIS Transcribed Text] Manila, Feb. 27 (PNA) — Energy experts from the 18-member countries of the Asia-

Pacific Economic Cooperation (APEC) have proposed the creation of an APEC Energy Research Center to be set up in Japan.

This was resolved today by the APEC Energy Data Expert Group (AEDEG) as they ended their 6th annual meeting at the EDSA-Plaza Shangri-La Hotel.

In an interview, Kenichi Matsui, current AEDEG chairman, said the creation of such was adopted as every member economy feels a central area where they can readily refer information relating to energy and other related matters.

The resolution will be adopted by the APEC senior officials during their 2d meeting here in May and eventually by the energy ministers.

"We believe that the research center will help each country enhanced their technical knowledge in handling their problems on energy and power," Matsui pointed out.

The research will house the most important reports submitted by each economy. It will also serve as a "discovery area" because it will be equipped with some technologies needed in exploration of energy sources.

In its two-day meeting, the group has resolved several areas of concern such as energy consumption, economic and social indicators for energy projection, and energy demand on disaggregated basis.

The energy experts, likewise, agreed on the submission of individual reports for final integration in the energy data dossier.

According to Matsui, the new set of data looks into the energy consumption of all sectors, such as industrial, transportation, residential and commercial sector.

For the industrial sector, each country was required to submit specific data on consumption of steel, ethylene, cement, paper and paperboard, pulp, aluminum, iron and steel, chemicals, ceramics, stone and clay products and nonferrous metals.

The energy pundits also looked into the fuel price adjustments of each economy, capacity for power generation, fossil fuel reserve, oil refineries, and fuel input for electricity generation, among others.



**Mekong Commission Welcomes ASEAN  
Development Initiative**

*BK2602073496 Bangkok THE NATION in English  
26 Feb 96 p A2*

[Report by Kunlachada Chaiphiphat, Nanthiya Tangwisuthichit, and Don Pathan]

[FBIS Transcribed Text] The Mekong River Commission [MRC] has welcomed an ASEAN initiative to involve the private sector in the development of infrastructure projects in the Mekong subregion, but sees its own role only as a coordinator.

Mekong Secretariate chief executive officer Yasunobu Matoba said he believes the Asian Development Bank [ADB] will be a major player in the scheme because within the Mekong subregion it is already an active sponsor of greater economic cooperation, which also mainly involves infrastructure projects.

Unlike the bank, the MRC has no mechanism to deal with private sector funds, Matoba said, adding private sector funding is gaining importance because of the lack of public funds in the region, where roads and dams are in huge demand to spur economic growth.

"We have been handling official development funds for our projects since the very beginning," he said, and pointed out investor interest in the region is essential because of the shortage of capital. "Before, the private sector was not interested in these projects because they were non-profitable and too risky," he said.

The MRC last year replaced the 38-year-old Mekong Committee, which dealt mainly with water resource development in the lower Mekong states of Thailand, Laos, Cambodia and Vietnam. To maintain its relevancy and attract capital, the MRC's role as a regional development organisation has been expanded to cover more comprehensive development cooperation like tourism and navigation.

Matoba said Laos, Cambodia and Vietnam are keen to attract private-sector participation in MRC projects. "We're exploring how to engage the private sector in our future work programmes," he said.

To complement official development funds, he said the World Bank, the ADB and Japan's Official Economic Cooperation Fund are promoting private-sector funding of dam construction in Laos through build- and-operate agreements.

Matoba said he has been approached twice this year by officials from the Malaysian Embassy in Bangkok.

Kuala Lumpur was entrusted by the ASEAN (Association of Southeast Asian Nations) summit in Bangkok in December to organize a forum to discuss how ASEAN countries and economic power houses like Japan, China and South Korea could stimulate subregional development.

He said Malaysia was looking in particular at ways to stimulate the construction of roads, railways and ports through private sector funding.

"We will send a representative from the MRC to the meeting once we receive an invitation from Malaysia," he said.

Kuala Lumpur plans to host the forum in the first half of the year.

At the 10-state Asian ministerial meeting in Chiang Rai earlier this month to prepare for this week's Asia-Europe Meeting (ASEM), South Korea proposed a meeting of parties concerned with the development of the Mekong region.

Japan, meanwhile, has already agreed in principle with the ASEAN initiative but remains noncommittal as to what assistance it will extend.

A senior Japanese Embassy official said last week that Tokyo wants more time to gain an understanding of the proposal. "However, Japan is already at the forefront of development in this region and is by far the largest donor," said Taro Ishibashi, who agreed there is a need for proper channels to coordinate the various interests in the region.

"There is interest in this part of the region," he said, emphasizing the role of international donors in trans-border cooperation.



## Japan

### Japan: Bilateral Chip Talks With U.S. To Continue

OW2902135796 Tokyo KYODO in English  
1230 GMT 29 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — Japan and the United States failed to strike a compromise Thursday [29 February] over whether to extend the bilateral semiconductor agreement, government sources said.

The two countries will continue to discuss the matter Friday in a bid to bridge their differences, they said.

Neither the Japanese nor American side would reveal specifics of negotiations held Thursday between Yoshihiro Sakamoto, vice minister for international affairs at the Ministry of International Trade and Industry, and Ira Shapiro, the chief U.S. trade negotiator for Japan.

Shapiro, however, is believed to have reiterated the U.S. call for the chip accord to be extended beyond the July 31 expiration date with Sakamoto reportedly turning the request down on grounds the accord has accomplished its goal.

The current agreement calls for a steady increase in the foreign share of the Japanese chip market above 20 percent. The Japanese side argues that the accord should be scrapped when it expires in July because the 20 percent goal has been met.

### Japan: Official Suggests 'New Proposals' on Air Talks With U.S.

OW2902005896 Tokyo KYODO in English  
2326 GMT 28 Feb 96

[Report by Kohei Murayama]

[FBIS Transcribed Text] Washington, Feb. 28 KYODO — U.S. and Japanese officials Wednesday [28 February] kicked off their three-day talks here to review the air cargo portion of the bilateral aviation treaty, with both sides seeking a timeframe to table compromises in order to come to an agreement by April.

"We will not be able to reach an agreement (by the agreed deadline in the end of March) if both sides stick to (rigid) principles," a Japanese negotiator told reporters shortly before the meeting — the third round in the current series of negotiations.

"Both sides must show some concessions to narrow the gap," the official said in indicating that the Japanese side is prepared to offer some new proposals if the U.S. side also does so.

Noting that the two nations held an informal meeting on Tuesday, the official said differences "remained

large" on the major sticking point over rights granted to air carriers under the bilateral 1952 aviation treaty for flights beyond U.S. and Japanese airports to third countries.

At the previous meeting in early February, the two nations failed to strike a deal although the U.S. side indicated its readiness to compromise in the "beyond" rights issue.

Washington, succumbing to strong Japanese resistance, dropped its proposal for a staged liberalization plan for ultimately attaining an "open sky" accord which would mutually remove all flight restrictions.

But Japanese officials said the U.S. offer lacked specific details and U.S. negotiators remained steadfast on the liberalization "principle" by refusing to change the current "unlimited, unconditional" rights given to three U.S. carriers — United Airlines, Northwest Airlines, and Federal Express Corp.

Japan has called for limiting the three U.S. carriers exercising of such rights, while allowing Japan's Nippon Cargo Airways to receive the beyond rights and open routes to rectify what Tokyo said are extremely favorable rights given to the United States under the bilateral treaty.

Japan airlines is currently the only Japanese carrier which has beyond rights under the treaty.

The ongoing negotiations started last September following an agreement reached last July through cabinet-level talks about Japan's rejection of a request by Federal Express to exercise its beyond rights in opening new Pacific routes via Japan.

Under the July accord, Japan allowed federal express to add seven new routes on conditions that the U.S. will agree to review the portion of the treaty relating to air cargo, with the goal of coming to a solution to the problem by April, as well as authorizing Chicago-bound flights by the two Japanese cargo carriers.

### Tokyo Likely To Ask Increase of Permanent UNSC Members' Burden

OW2802125396 Tokyo TOKYO SHIMBUN  
in Japanese 27 Feb 96 Morning Edition p 3

[FBIS Translated Text] Regarding United Nations financial reform, the government has decided as of 26 February to propose that the five permanent members of the UN Security Council (UNSC) increase their financial burden. Japan will present the proposal at a meeting of the UN working panel on financial reform to be held in New York beginning 4 March.



The Japanese plan will be a counterproposal to a European Union (EU) proposal submitted at the panel's January meeting. The EU plan demanded that Japan increase its share of ordinary assessed contributions to the UN and to UN Peace Keeping Operations (PKO) through a revision of UN member nations' assessed contributions. The Japanese proposal instead calls for an additional increase in the financial share of the permanent UNSC member nations who "bear special responsibility for international peace and safety" (as stated by a Foreign Ministry source).

The basic provisions of the Japanese proposal are as follows: 1) measures to settle the UN's present financial troubles, caused by some UN members' defaulting on assessed contributions, should be dealt with separately from the issue of revising the share of contributions; and 2) UN financial reform should be promoted in harmony with UNSC reform and developmental projects.

The Japanese plan includes the following points: a "collective increase" [shudan warimashi] concept should be newly applied to the permanent UNSC members nations' ordinary assessed contributions to the United Nations and to their share of PKO expenses; and the share paid by permanent UNSC members — 40 percent of all ordinary contributions and 50 percent of all PKO contributions — should be institutionalized. It also proposes that if the share of member nations' contributions is revised, measures to help nations with per capita incomes below the world average should not apply to the permanent UNSC member nations.

#### **Japan: Hashimoto Departs for ASEM Summit in Bangkok**

*OW2902021496 Tokyo KYODO in English  
0122 GMT 29 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — Prime Minister Ryutaro Hashimoto left Thursday morning [29 February] for Bangkok to attend the first-ever summit of Asian and European leaders.

By attending the Asia-Europe Meeting (ASEM), set for Friday and Saturday in the capital of Thailand, Hashimoto will mark his debut in the multilateral diplomatic scene since assuming office in mid-January.

The inaugural ASEM summit is expected to consider a wide range of topics such as political and security cooperation, facilitation of trade and investment, and various other fields of cooperation.

ASEM will bring together the leaders of Asian countries and most of their counterparts from the 15-member European Union (EU), as well as president of the European Commission, the EU's executive branch.

ASEM's principal objective is to bridge the so-called missing link between two of the three main centers of economic growth: Asia, Europe and the United States.

In the wings of the summit, Hashimoto is scheduled to hold bilateral meetings with leaders of Britain, China, France, Germany, South Korea and Thailand, foreign ministry officials said.

The highlight of the premier's bilateral sessions will be the meeting with South Korean President Kim Yong-sam, set for Saturday evening, as Tokyo and Seoul have been at odds over sovereignty of a group of small islands in the Sea of Japan.

Foreign minister Yukihiko Ikeda, and International Trade and Industry Minister Shumpei Tsukahara will also leave for Bangkok later to attend the opening and closing sessions of the ASEM summit. They will also hold bilateral talks with their Asian and European counterparts.

#### **Japan: Hashimoto Assures Banhan of Cooperation for ASEM Success**

*OW2902135896 Tokyo KYODO in English  
1322 GMT 29 Feb 96*

[FBIS Transcribed Text] Bangkok, Feb. 29 KYODO — Japanese Prime Minister Ryutaro Hashimoto assured Thai Prime Minister Banhan Silapa-acha on Thursday [29 February] that he will cooperate as much as possible in bringing the first-ever summit of Asian and European leaders to a successful conclusion, Japanese officials said.

Hashimoto, who arrived in Bangkok to attend the Asia-Europe Meeting (ASEM) set for Friday and Saturday, gave the assurance when he met with Banhan, who will chair the gathering, the officials said.

While thanking Hashimoto for his promise, Banhan sought Tokyo's cooperation in helping Thailand play a major role in the economic development of Indochina, especially in the fields of technology transfer and environment protection, the officials said.

Hashimoto, who assumed office in mid-January, extended an invitation to the Thai premier to visit Japan at an appropriate date. Banhan replied he is glad to accept the invitation, they said.

#### **Japan: MITI Minister Leaves for Bangkok ASEM Meeting**

*OW2902093296 Tokyo KYODO in English  
0905 GMT 29 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — International Trade and Industry Minister Shumpei



Tsukahara left Tokyo Thursday [29 February] afternoon for Bangkok to attend the inaugural two-day meeting of leaders from Asia and Europe opening Friday.

The Asia-Europe meeting will bring together most of the 15 member nations of the European Union, six of the seven member countries of the Association of Southeast Asian Nations, and Japan, South Korea and China.

**Japan: Foreign Ministry on ASEM Summit. DPRK**  
*OW2902054696 (Internet) Japan Ministry of Foreign Affairs WWW in English 27 Feb 96*

[News conference given by Foreign Ministry Spokesman Hiroshi Hashimoto with unidentified reporters on 27 February; place not given; from the "Foreign Policies, Press Conference" link]

[FBIS Transcribed Text] [Topics of Discussion] I. Shooting down of an American civil aircraft by the Republic of Cuba II. Upcoming Asia-Europe Meeting (ASEM) in Bangkok III. Possibility of expanded ASEM membership IV. Possible discussion of human rights and labor issues at the upcoming ASEM in Bangkok V. Possibility of bilateral meetings between Prime Minister Hashimoto and other leaders at the upcoming ASEM in Bangkok VI. Possible discussions at the ASEM regarding economic trade ministers meeting VII. European Union contributions to the Korean Energy Development Organization (KEDO) VIII. Proposed hosting of Asia-Europe economic ministers meeting by Japan IX. Situations involving North Korea X. Informal meeting of Asian participants of the ASEM XI. Exchange of notes between Japan and the United States of America concerning ballistic missile defense XII. Possible discussion of Comprehensive Test Ban Treaty (CTBT) issues at the upcoming ASEM in Bangkok

#### **I. Shooting down of an American civil aircraft by the Republic of Cuba**

Foreign Ministry Spokesman Hiroshi Hashimoto: The facts on the incident are not all clear for Japan. The Government of Japan is therefore unable at present to announce its formal position on this incident. In general, however, we are of the view that it is not permissible, by international law, to shoot down civil aircraft flying over the open sea. In any case, it is too excessive and not permissible to shoot down a civil aircraft for whatever the reasons might be.

#### **II. Upcoming Asia-Europe Meeting (ASEM) in Bangkok**

Foreign Ministry Spokesman Hiroshi Hashimoto: At first I would like to very briefly talk to you on the purpose of the Meeting. There have not been sufficient

efforts to foster relations between Asia and Europe, as compared to the relations between Asia and the United States, or Europe and the United States, in terms of dialogue and cooperative relations. The upcoming Meeting between the 26 leaders of Asia and Europe in a single forum is truly an epochal event. Currently, the world is groping toward the creation of a new, post-Cold War order. One of the ways in which this is taking place is through the mutually complementary and cooperative efforts between systems which address political, economic and social issues on a global level, such as the World Trade Organization (WTO) and the United Nations, and field-specific regional cooperation organizations that are developing in Asia, North and South America, and Europe. Developments in Asia-Pacific Economic Cooperation (APEC) and the Free Trade Area of the Americas (FTAA) are manifestations of these trends. The current promotion of exchange and strengthening of cooperation between Asia and Europe are important in this respect. Such enhancement of inter-regional cooperation will also contribute to peace and stability on a global scale.

As I told you before, the participants of the ASEM will exchange views broadly on the following subjects. One is the promotion of political dialogue. In the formation of a new framework in the post-Cold War era, a perspective toward cooperation between Asia and Europe (two regions which hold an important place in the international community) is important. I am sure that the participants in the ASEM are expected to talk on how to strengthen political dialogue between the two regions, citing specific subjects. The second topic of discussion is how to strengthen economic relations. As well as confirming the direction of strengthening economic relations, there is a need to study and discuss various measures geared toward carrying this out. In such discussions, there is a need to refer to areas and policies that expand exchanges which utilize the knowledge of the private sector (which directly carries out economic activities), as well as the means by which government can facilitate these measures. The European Union and other regional systems should be open to other regions, and should be consistent with the WTO system, as well as serving the greater interest of the whole of the international community. The affirmation of these concepts by Asia and Europe is of major importance. The third topic of discussion is related to cooperation in various fields. Promoting cooperation between Asia and Europe in a wide variety of fields outside of the aforementioned (including global issues such as the environment, development, and cultural exchanges) will be useful. The promotion of intellectual exchanges to lessen the perception gap between Asia and Europe is also important. Lastly, the participants



in the ASEM will most probably talk on the follow-up of the ASEM Meeting in Bangkok. To further develop and enhance the Asia-Europe relationship, follow-up is vital. Agreement can be expected in this respect as well.

### III. Possibility of expanded ASEM membership

Q: Does Japan have a position on the greater membership of the forum? You know that India, Pakistan, Australia, New Zealand want to be participant countries. It's being blocked at the moment.

A: I am sure that the Prime Minister of Japan will touch on the subject. As a civil servant of the Japanese Government, I rather hesitate to say anything specific on the subject before the Prime Minister of Japan does; but, in the past, you will remember that Japan supported enlarging membership on the Asian side. We understand that some members of the European side are also talking about the possibility of enlarging the membership of the ASEM. We are not sure whether a consensus on the new membership will emerge from the Bangkok Meeting. Therefore, without specifically mentioning which countries should be involved, I would just like to mention that this is a topic which the ASEM participants will talk about.

Q: Is it possible for you to tell us whether the subject came up in talks last night between Prime Minister Hashimoto and Prime Minister Mahathir?

A: As far as we understand, they did not specifically talk about the new membership. They talked about the ASEM, and both leaders shared the same opinion that the first meeting of the ASEM in Bangkok should be successful, so that the member countries can continuously cooperate toward a possible second meeting of the ASEM. Especially, Prime Minister Dato' Seri Mahathir bin-Mohamad of Malaysia was very much pleased that the ASEAN leaders will have the possibility of directly talking to the leaders of Europe, while expressing the gratitude to the Japanese Government that, in the past, Japan played the role of relaying the request of the ASEAN countries to European leaders on such occasions as the G-7 Summit and so on. At the same time, the two leaders last night shared the same opinion that at the upcoming ASEM they should try to have a constructive dialogue on many issues, rather than talk on the specific issues. I do not think they have talked about the new membership. IV. Possible discussion of human rights and labor issues at the upcoming ASEM in Bangkok

Q: How will Japan react if the EU raises the human rights issues and questions concerning labor conditions in China?

A: Generally, the Japanese Government wants to see the upcoming Meeting be a good start for the further development of cooperation between the two regions. In this sense, we do not want to see the upcoming Meeting deal with the specific issues which you mentioned. At the same time, all the members of the ASEM are the members of the United Nations. Therefore, you should not exclude the possibility that they will talk about the human rights issue in a general sense. Again, I have to say that it is up to participants as to whether they would like to touch on human rights or labor conditions specifically or not.

Q: Isn't it a bit difficult to have a real political dialogue without raising those issues?

A: I think all the participants will think, more or less, about the need for a follow-up meeting. Already one country is seemingly going to propose to host the second meeting sometime in the future in Europe. Therefore, we cannot expect that the detailed discussions on specific issues will be done in the upcoming Meeting. But, at the same time, you cannot exclude the possibility of discussing some issues — how they will deal with those issues is up to the summitters. V. Possibility of bilateral meetings between Prime Minister Hashimoto and other leaders at the upcoming ASEM in Bangkok

Q: Is Prime Minister Hashimoto going to meet President Kim of the Republic of Korea in Bangkok, and what other top leaders is he going to meet on a bilateral basis?

A: Unfortunately, the Japanese Diet has not yet given approval for the Prime Minister to go to this meeting officially. We sincerely hope that Prime Minister Hashimoto can participate in the ASEM Meeting fully — from the evening sessions (which means before the dinner party on 29 February), up until the very end of the Meeting on 2 March. Although the Ministry of Foreign Affairs has been communicating with its counterparts in Asia and Europe, whether our Prime Minister can hold bilateral talks — still, unfortunately, we are not in a position to say when and with whom Prime Minister Hashimoto is going to meet.

Q: You mean it has not been established, or if he is going to Bangkok, and if he does, who he is going to meet? Correct?

A: I probably cannot tell you very frankly here, in order not to upset or prejudice the decisions of the Diet. The Diet is now concentrating on the debate of the jusen issue. I am sure that when Prime Minister Hashimoto goes to the ASEM he will see at least some of the summitters on a bilateral basis. But, if possible, would you please permit me not to tell you what arrangements are now underway.



Q: Just to clarify — he is definitely going?

A: What I can say is, he is definitely going, as far as the Diet approves him to do so. I personally expect that the Diet will approve this. I do not know whether the Prime Minister will be able to leave Tokyo, for example, in the early morning of 29 February. Whether we can set up bilateral meetings on 29 February or not is still unknown. VI. Possible discussions at the ASEM regarding economic trade ministers meeting

Q: This morning the NIHON KEIZAI SHIMBUN reported the proposed measures to activate trade and investment between Japan, Asia and Europe. Also, Prime Minister Hashimoto announced a plan to host an economic ministers meeting in Japan next year. I would like to have your comment on this and also, the European Union will announce its commitment to give aid to KEDO. What will the Japanese stance be on this?

A: First of all, on the economic subject, I think not only Prime Minister Hashimoto, but also many participants in the ASEM will talk about further development of economic ties between the two countries. The Asian participants are members of the APEC, and the European participants in the ASEM are members in the European Union. So, I am sure they will talk about the so-called open regionalism. The Asian side will talk about the character of the open regionalism of APEC. At the same time, I think that many of them will tell their colleagues that the European Union should continue to be open to the outside world. Especially when we think of the economic links between Asia, the United States and Europe, the economic links between Asia and Europe are not very developed yet. So, they would like to further promote investment, trade and so on. I do not know to what extent and how concretely they can talk about this, but I am sure that they will exchange views, especially taking into consideration the roles of the private sector. I am sure that they will talk about how the governments can facilitate the further activities of the private sector.

#### **VII. European Union contributions to the Korean Energy Development Organization (KEDO)**

A: As far as the Korean Energy Development Organization (KEDO) is concerned, yesterday, on 26 February, the European Union Foreign Ministers Meeting took place in Brussels. They decided to contribute ECU 5 million, which is equal roughly to U.S. \$6.5 million to the KEDO. The Japanese Government highly appreciates the decision, because in the past, together with the United States and the Republic of Korea, we have been asking the European Union to actively participate in the KEDO, and they have eventually announced these contributions to the KEDO.

#### **VIII. Proposed hosting of Asia-Europe economic ministers meeting by Japan**

Q: Do you know who will be attending from MITI?

A: Several days ago, the trade ministers of ten countries met in the Northern part of the Kingdom of Thailand. Minister of International Trade and Industry Shunpei Tsukahara proposed to host the second trade ministers meeting in Japan. Mr. Tsukahara and Minister for Foreign Affairs Yukihiko Ikeda will accompany the Prime Minister. Whether this proposal can be formally accepted by the ASEM or not, we have to wait. But, I confirm that Minister of International Trade and Industry Tsukahara has already proposed to have the meeting and it has been registered.

Q: Between trade ministers of Asian countries?

A: When the trade ministers of Asian countries met together, he proposed to have the trade minister-level ASEM. I am sorry, my colleague will check on what he proposed on the trade ministers meeting of the ASEM.

A: As you rightly pointed out, what Minister of International Trade and Industry Tsukahara proposed was the first meeting of the trade ministers for the ASEM.

#### **IX. Situations Involving North Korea**

Q: Has Japan changed its view on North Korea at all? How does Japan read the situation in regard to it becoming more critical?

A: We understand that there are many analyses and opinions about the situations involving North Korea. Basically, the Japanese Government thinks it necessary to cautiously approach this subject. We understand that North Korea suffers from a shortage of energy and food and faces a lot of other economic difficulties. Therefore, we are following the situation very carefully. But, it is not true that the Japanese Government has formally started a contingency plan for what to do in the case of crisis over there. In general, to study the situations related to security is very important for any country, and we have to, in sense, take into consideration whether any event in the Asia-Pacific region may affect the security of Japan. In this sense, the Japanese Government is carefully studying the situations in North Korea.

Q: You mentioned that the Japanese Government has not started formally the study of coming up with emergency money for North Korea. Does that mean there is an informal study going on?

A: What I wanted to tell you was that the relevant ministry is individually studying very carefully what is happening over there.



**X. Informal meeting of Asian participants of the ASEM**

**Q:** There has been a report that the Asian leaders were going to meet in the evening of Thursday before the Asia-Europe dinner. Would you confirm that?

**A:** Yes, it will take place just before the informal dinner party hosted by Prime Minister Banharn Silpa-archa of the Kingdom of Thailand. There will be an informal meeting of the Asian participants. The purpose of this informal meeting is to exchange views on how to manage the upcoming ASEM — that is all.

**XI. Exchange of notes between Japan and the United States of America concerning ballistic missile defense**

**Q:** Last Friday, I understand, the Governments of the United States and Japan signed an agreement concerning the anti-ballistic missile advanced technology. Do you have any comment, and what importance does the Japanese Government attach to this particular agreement?

**A:** Last Friday, I expected you would raise this question. You did not, and I left for Los Angeles. I do not have the document in front of me. I cannot explain this to you now. We have a position, of course, but if you do not mind, please give me some time and next time I shall be prepared to answer this question.

**XII. Possible discussion of Comprehensive Test Ban Treaty (CTBT) issues at the upcoming ASEM in Bangkok**

**Q:** In the past, Japan rarely lost an occasion to protest against French nuclear tests. Are you planning to raise this issue regarding China on their nuclear tests during the ASEM Summit?

**A:** In the past, when the Government of the People's Republic of China (ROC) carried out its nuclear tests, we were formally opposed. Not only were we formally opposed last year, we decided to freeze Japan's grant aid to China, in principle. We hope that the Chinese Government will not continue nuclear testing in the future; however, I do not know how the ASEM itself will deal with this. But, I am sure that many participants in the ASEM, including Japan, are interested in the nuclear issues. Especially, Japan reiterates the importance of building steadily toward a realistic reduction of nuclear weapons aimed at the goal of achieving their ultimate elimination. This year, therefore, there should be cooperation between Asia and Europe on an early agreement with respect to a Comprehensive Test Ban Treaty (CTBT). How this subject is going to be picked up by the participants of the ASEM, and how it will be

reflected in the Chairman's Statement, unfortunately I cannot tell you now. Thank you very much.

**Japan: Hashimoto 'Glad' Summit Set With ROK President**

OW2902104496 Tokyo KYODO in English  
0950 GMT 29 Feb 96

[FBIS Transcribed Text] Bangkok, Feb. 29 KYODO — Japanese Prime Minister Ryutaro Hashimoto on Thursday [29 February] reaffirmed the importance of maintaining a close cooperative relationship with South Korea regardless of a long-standing territorial row between the two countries.

"I'm very glad that a Japan-South Korea summit has been set," he told reporters aboard an airplane on his way to Bangkok, referring to his meeting with South Korean President Kim Yong-sam on Saturday.

Despite differences over some issues, the two countries should seek to keep in close touch with each other so as to tackle numerous issues of mutual concern, Hashimoto said.

While noting Tokyo's stance on sovereignty over a group of contested islets in the Sea of Japan remains unchanged, the Japanese premier said the quarrel should not spill over into other areas of bilateral relations.

He spoke of the need for the two neighboring countries to enter negotiations on fishing rights as quickly as possible, aside from the territorial issue. He also urged further cooperation between them in dealing with North Korea.

Hashimoto arrived in Bangkok on Thursday to attend a two-day inaugural summit meeting of Asian and European leaders, called the Asia-Europe Meeting (ASEM), which will begin Friday.

ASEM will bring together the leaders of many Asian countries and most of their counterparts from the 15-member European Union (EU), as well as the president of the European Commission, the EU's executive branch.

The principal objective of ASEM is to bridge a so-called "missing link" between two of the three main centers of economic growth — Asia, Europe and the United States.

In the wings of the summit, Hashimoto is scheduled to hold bilateral meetings with leaders from Britain, China, France, Germany, South Korea and Thailand, Japanese Foreign Ministry officials said.



**Japan: NHK Obtains 'Documentary Program' on Kim Chong-il**

OW2902141096 Tokyo NHK General Television Network in Japanese 1029 GMT 29 Feb 96

[Announcer-read report; from "NHK News 7" program]

[FBIS Translated Text] NHK has obtained the latest documentary program, which stresses the fact that North Korean Secretary Kim Chong-il has completely taken over the reins of the military and firmed up his post as leader.

The Korean Central Television broadcast this documentary on Kim Chong-il's birthday, 16 February. In the program, Secretary Kim Chong-il, who appears to be in his 30's, is sitting in the cockpit of a military fighter aircraft, and is shown aboard a Navy ship. The program also stresses that Secretary Kim, who reportedly does not have military experience, has been assuming military leadership since his early days.

[subtitles read: "The united Korean People's Army shares the fate with Supreme Commander General Kim Chong-il."]

The documentary also reported that Kim Chong-il has had very close ties with many first-generation revolutionaries who fought against the Imperial Japanese Army together with the late General Secretary Kim Il-song, including O Chin-u, former minister of the People's Armed Forces, who died in February 1995. [video shows Kim Chong-il standing with O Chin-u, then cuts to him sitting beside a senior officer, and cuts again to show Kim Chong-il visiting O-Chin-u in his hospital bed] It is observed that Secretary Kim Chong-il is trying to gain control of the military by relying on the influence of the older generation.

Meanwhile, the documentary also shows footage of military exercises conducted by the army, navy, and the air force that has never been shown before. It also shows major fighter aircraft and tanks believed to have been procured from the former Soviet Union in the 1960's.

With the food situation worsening in North Korea, diplomats and military personnel, one after another, have sought asylum since the beginning of the year. Observers believe that due to this situation, the North Korean leadership has broadcast a program emphasizing that Kim Chong-il has already established firm control because it wants to ease anxieties within the country, and hopes to see Kim become the country's supreme leader possibly by the end of the year.

**Japan: DPRK Joining Olympics Table Tennis Qualifier in Chiba**

OW2802132296 Tokyo KYODO in English 1243 GMT 28 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO — North Korea and 16 other nations and regions will take part in the Asian continent qualifier for the Atlanta Olympics late next month in Chiba, the Japan Table Tennis Association said Wednesday [28 February].

Barcelona Olympics representative Yi Kun-sang will be among six male and female North Korean players who have completed entry procedures, association officials said.

The March 26-28 competition will be held at Chiba port arena.

**Japan: Notes Exchanged on Debt-Relief Grant to Burma**

OW2702135896 Tokyo KYODO in English 0605 GMT 27 Feb 96

[FBIS Transcribed Text] Yangon [Rangoon], Feb. 27 KYODO — Japanese Ambassador to Myanmar [Burma] Yoichi Yamaguchi and Myanmar's finance minister, Brig. Gen. Win Tin, exchanged notes here Tuesday [27 February] on a Japanese Government grant of 5 billion yen for debt-relief, a Japanese Embassy press release said.

The press release also said the Japanese Government will provide some \$100,000 in grant-in-aid for Myanmar's medical association to help its anti-AIDS work in Mandalay.

**Japan: Ministry Announces Sponsorship of Meeting on Indochina**

OW2702135996 Tokyo KYODO in English 0838 GMT 27 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO — Japan will sponsor the first meeting of a private-sector advisory panel on the development of Indochina in Bangkok on March 5, the Foreign Ministry said Tuesday [27 February].

The gathering will be held in cooperation with the Thai Government and the UN Economic and Social Commission for Asia and the Pacific, ministry officials said.

The advisory group was set up following ministerial talks in Tokyo concerning an international forum for the development of Indochina in February 1995, the officials said.



The Bangkok session will consider such topics as private-sector activity in trade and investment, as well as in infrastructure development, they said.

**Japan: Kajiyama Announces Earthquake Aid to Indonesia**

*OW2902114496 Tokyo KYODO in English  
0304 GMT 29 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — Japan decided Thursday [29 February] to extend \$200,000 of grant-in-aid and relief supplies worth 20 million yen to Indonesia for survivors of a powerful quake which hit its easternmost region of Irian Jaya province on Feb. 17, a government spokesman said.

The relief supplies include tents, electric generators and medicine, Chief Cabinet Secretary Seiroku Kajiyama told a news conference.

Tokyo has also dispatched a team of three experts from the Japan Disaster Relief Team to the quake area to research the damage and assist in rescue and restoration work, he said.

The quake killed at least 107 people, with 57 people missing, he said.

**Japan: MOF Wants Banks To Take Blame for Housing Loan Issue**

*OW2802121696 Tokyo KYODO in English  
1137 GMT 28 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO — The Ministry of Finance (MOF) on Wednesday [28 February] pressed banks that founded seven troubled mortgage companies to take further steps, including the resignation of the banks' leaders, to clarify their responsibility for the housing loan fiasco.

At an urgently convened press conference, Vice Finance Minister Tadashi Ogawa said he met leaders of Japan's 21 major banks and representatives from regional banks to explain about Finance Minister Wataru Kubo's recent remarks on the responsibility of the founder banks in the bad loan mess caused by the mortgage companies, known as "jusen."

"The purpose of the meeting is to convey Kubo's remarks directly to the founder banks," Ogawa said. "The ministry never asked the banks to bear bigger costs (to clean up the bad loan mess), nor to reshuffle top executive posts."

In his recent remarks at Diet sessions and news conferences, Kubo repeated it is wrong for the founder banks to think that they have accepted all their responsibility

for the housing loan fiasco by deciding to give up all their loans to the mortgage companies.

"The founder banks should admit their responsibility and clarify how to take the blame at their own discretion," Kubo said.

At Wednesday's meeting, Toru Hashimoto, chairman of the Federation of Bankers Associations of Japan, said the industry does not have good ideas anymore, according to Ogawa.

Hashimoto, president of Fuji Bank, stressed that the founder banks have already done what they can, including deciding to abandon 3.5 trillion yen in loans to the mortgage companies and make contributions to an institution to be created for recovering loans made by the companies, Ogawa said.

The seven mortgage companies are now virtually bankrupt after incurring huge amounts of bad loans following the collapse of the speculation-driven "bubble" economy.

Under a government-brokered scheme, the mortgage companies will be liquidated with the help of taxpayers' money.

Diet debate has at times been acrimonious over earmarking 685 billion yen in public funds for the liquidation plan in the fiscal 1996 budget.

Analysts said the ministry is virtually asking the top executives of the founder banks to resign from their posts to take the blame for the housing loan fiasco.

If the top administrative official of the ministry meets with banking industry leaders at an exceptional gathering like Wednesday's meeting, it is natural for the leaders to feel strong pressure from the ministry, they said.

The ministry held such meetings apparently to demonstrate its stance for seeking the founder banks' further cooperation to help facilitate the liquidation plan's passage through the Diet, the analysts said.

Mounting pressure from the ministry, however, has been objected to strongly by the founder banks, according to banking industry sources.

Leaders at major banks have criticized the ministry for interfering with personnel issues at private companies, they said.



**Japan: Kajiyama Says Banks Must Take Responsibility for 'Jusen'**

OW2902114196 Tokyo KYODO in English  
0343 GMT 29 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO —  
- The banks that founded seven moribund housing loan companies the government plans to liquidate using taxpayers' money must take greater responsibility for the financial fiasco, a top government spokesman said Thursday [29 February].

"Due to people's frustration and planned introduction of public money, they cannot ask us not to intervene in the private sector. I do not want them to take the stance that they have nothing to do with the problem, but to take it seriously," Chief Cabinet Secretary Seiroku Kajiyama said.

Kajiyama urged the banks to take more measures to deal with the problem of the failed housing loan companies, or "jusen."

The government spokesman made the remarks after the banks on Wednesday rejected a Finance Ministry request that they take further steps, including the resignation of the banks' leaders, to clarify their responsibility for the housing loan scandal.

**Japan: Banking Federation Head Resists Pressure for Resignations**

OW2802154096 Tokyo KYODO in English  
1530 GMT 28 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 22 KYODO —  
- The chief of the Federation of Bankers Associations of Japan on Wednesday [28 February] resisted growing pressure from the Finance Ministry to see top bankers resign to take the blame for the insolvency of seven housing loan companies which their banks founded and supported.

"It is up to us managers to decide how to take responsibility...for the problem surrounding the housing loan companies," Chairman Toru Hashimoto said in a press statement released after the bankers' collective meeting with Vice Finance Minister Tadashi Ogawa.

Ogawa summoned bankers from Japan's 21 major banks as well as the heads of regional banks to the ministry and explained Finance Minister Wataru Kubo's recent remarks that implicitly call for the bankers resign.

Kubo has repeatedly told parliament it is wrong for the founder banks to think they have accepted their share of responsibility by merely forgiving the mortgage companies' debts to them, totaling 3.5 trillion yen.

"The founder banks should admit their responsibility and clarify how they will take the blame at their own discretion," Kubo said.

Hashimoto said in the statement, however, "at present, we do not have any very good ideas on what steps our banks can take to shoulder the additional costs of liquidating the housing lenders."

"We will continue to think hard to find what can be done, although we have nothing specific in mind," he added.

**Japan: Coalition Eyes Raising Deposit Insurance Premium**

OW2802053796 Tokyo KYODO in English  
0504 GMT 28 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO —  
- The ruling coalition is considering raising premiums that banks pay to Deposit Insurance Corp., so as to help finance write-offs of bad loans at seven insolvent housing loan companies, coalition sources said Wednesday [28 February].

The coalition is also planning to set up an ad hoc committee with strong investigating authority in the lower house of the Diet in order to ease public criticism that not enough is being done to establish who is responsible for the fiasco involving the mortgage companies, known as "jusen," the sources said.

The premium hike would put more of the burden on the banks without amending the government's present scheme to liquidate the housing loan companies with help of taxpayers' money, they said.

Under the scheme, banks that founded the jusen companies are to give up all their claims worth 3.5 trillion yen, and other creditor banks would relinquish claims of 1.7 trillion yen, while agricultural-affiliated financial institutions will put up 530 billion yen, to help finance the disposal of 6.41 trillion yen in losses expected to arise from liquidation of the housing loan companies.

At present, Deposit Insurance Corp. collects annual premiums worth 0.012 percent of outstanding deposits each from member banks to protect depositors in case of financial failures.

The government has already made plans to raise the premium rate sevenfold from fiscal 1996 starting April 1 and to submit relevant bills to the current Diet session.

The additional premiums eyed by the coalition parties would be on top of the originally planned hikes by the government, the sources said.



But since it will be difficult to raise the premium rate only for the founder banks, it will be hard to implement the proposal, with banks which are not involved in the "jusen" issue opposing additional burdens, they said.

**Japan: Expert Defends Finance Ministry on 'Jusen' Issue**

*OW2902021596 Tokyo HATSUGENSHA in Japanese Mar 96 pp 10-19*

[Article by economist/HATSUGENSHA chief editor Susumu Nishibe: "Confusions in Debate on Jusen Issue"]

[FBIS Translated Text] It was about three years ago that the people started to talk about the possibility of the housing loan corporations' or "jusen's" problem turning into a fireball. But actually, the jusen issue has turned into a real, focal issue of our Japanese society only recently. While, no doubt, this problem is a fallout from the bubble economy that had lasted for some five years, the question of how to deal with it apparently has turned into a matter of grave interest for the whole of Japan. This comes amid the existing problems of international economic friction and industrial hollowing out, which means this unescapable, urgent matter needs to be acted on when the economic condition is not necessarily favorable for taking an action on the fallout from the bubble.

I must say the ongoing way that the jusen issue is being approached and pursued, however, is fundamentally contorted, and the contortion is so serious and complex as to make me wonder if the Japanese are not certain about what economic ethics should be and where the social rationale should stand. I would like to dwell on these points one by one in what follows.

**Mistake of Blaming the Finance Ministry**

First, I would like to address the view of those asserting that the people most accountable for the jusen issue are the officials of the Ministry of Finance (MOF) and the politicians closely linked to the functions of the MOF. While there are many charges being made against the MOF in what can be called "MOF-bashing," I will begin by taking up on the one charging the MOF's interference in the working of the market mechanism as being so heavyhanded as to be regarded as violating the Constitution. In 1990, the MOF began to control bank loans for the real estate industry by applying what was called the soryo kisei [total loan amount regulation] system, and issued so-called administrative guidance instructions calling on banks to take care not to provide excessive loans to that industry. No small number of businessmen have complained about the action, insisting

the capitalist economy should be allowed to run under written-law rules only and arguing the administrative authorities' action of applying the soryo kisei was bureaucratic and constituted an act of regulating the economy.

I think such an argument is fundamentally wrong. The market economy, at least as it is today, is a monetary economy or a financial market economy. The medium of exchange is now essentially the money, and the major portion of the money is controlled by public authorities like the Bank of Japan and the MOF. Let's call these public authorities the central bank. If the central bank, the responsible agency, does not perform the job of regulating the supply of money and money-market instruments properly, the market economy simply cannot function.

What I want to point out is that the market economy and the economic administration are tied up with each other in their roots. We cannot say that the market should be allowed to function freely by the market mechanism if operating within written-law rules.

The market will function solely by its market mechanism when under limited circumstances. For instance, if the future economic outlook is certain and the economy is thought to be in a stationary state or a steady state, almost everything can proceed by the automatically adjusting functions of the market. Under a stationary state of economy, the central bank would have nothing to do but to set the money supply at a certain level. Under a steady state of economy, if the money supply volume were allowed to grow at a certain rate and if that could be maintained, all other things could be allowed to run as dictated by the market mechanism.

But it should be needless to say that in this world a stationary state or the steady state of economy exists only as fiction. Now as this century is drawing to a close, international relations are coming to have such fierce, sharp and big impact on the national economy. Internationally, the nation has to cope with all kinds of shocks rushing in from the outside world. Internally, living in such an innovating age as it is, the people of the nation are coming to have different kinds of desires, and a different sense of values. Their mode of life is changing and will continue to change in unpredictable ways. When the situation is such, the stability of this society cannot be maintained unless public authorities are given a degree of discretionary power to intervene in the market to exercise control over money and money-market instruments, and this power should include that of providing administrative guidance as well as that emanating from written law.



### Politics Deeply Interfering in Economy

Second, the experience from the last bubble economy has taught us very clearly the economy of this nation is neither stationary nor steady. The bubble economy had started with the United States demanding Japan expand its domestic demand and with the Japanese Government wanting to accept it as announced in the so-called "Maekawa report."

At that time, the Japanese industry and the news media all welcomed the government move to accept the demand. So to speak, all the people of Japan unanimously accepted this policy of expanding the country's domestic demand as a way of allaying its economic friction with the United States.

By that time, however, Japan had already arrived at the state of being saturated with durable consumable goods and other daily consumable goods. It would not have been an exaggeration to say that only land and houses had been left as commodities for Japanese consumers to buy. In those days, almost anyone could see clearly that if liquidity (money) was increased to encourage domestic demand, the major portion of it would only naturally flow into the real estate market.

At that time, I expressed a critical, though modest, view of the U.S.-line-toeing government economic policy that was presented in the "Maekawa report." There was one person who openly and clearly criticized the report then, and he was Yukio Iida, professor at the Japanese Culture Research Center. Anyway, as expected, soon speculations in real estate started. That alone should have been a good enough example showing how unrealistic the view is that the market should be allowed to function by itself and the government intervention in the market should be contained as much as possible. The action taken in response to the U.S. demand on Japan's domestic demand expansion was itself a political action. That indeed was a specific example providing evidence for how political issues and economic issues are unescapably tied with each other, and that proved the bubble economy was a condition that was brought about by politics getting involved in the economy across national borders.

### Market Can Expand and Shrink

Third, this bubble economy has taught us a great lesson. It taught us that the market's self-adjusting functions were not necessarily reliable as J. M. Keynes pointed out 60 years ago. Keynes said the economic bodies always invest and save their money based on expectations about the future. Except in very rare cases, economic bodies' expectations about the future do not translate into reality and do not reach the state called by

economists as equilibrium. In other words, usually the people's expectations about the future go unfulfilled and betrayed, and confusions arise in the market as a result of the failure of the people's expectations to materialize.

Of course, sometimes, the confusion ceases and disappear by itself, but as seen from the latest experience, the impact of the confusion on the market can sometimes be so great as to put the whole nation in difficulty. A problem is that despite all this, our people apparently have not learned anything important from the bubble economy which lasted until five years ago, and they are now busy praising the rule of market competition, which is synonymous with market libertarianism, in their demands for deregulation. The old saying "after swallowing, we forget how hot the food was" is very fitting here. The people who are again saying we should let the market mechanism take care of everything are not in responsible positions to speak about ways to deal with the fallout from the bubble.

### Banks, Real Estate Industry Belittled MOF Warning

The fourth point concerns issues related to the collapse of the bubble. The MOF started the *soryo kisei* on the real estate loans in 1990 by issuing administrative guidance instructions, and people think this prompted the collapse of the bubble, which precipitated the piling up of bad assets in the real estate industry, and caused bad loans to accumulate in the *jusen*, and caused the bad credit of commercial banks and agricultural banking institutions to snowball. Some people insist that the MOF's *soryo kisei* is to blame for all of these problems.

But I must remind you here what aggravated the *jusen* issue seriously was the agricultural banks' lending of 5 to 6 trillion yen to the *jusen* and the flowing of that money into the real estate industry after the MOF started the *soryo kisei*. It means the MOF tried to stabilize the real estate prices because it was aware the bubble economy resulted in extraordinarily high prices for real estate assets. The public was gripped by fears they would never be able to buy houses at those high prices.

If the banking and real estate industries had correctly understood the meaning of the *soryo kisei*, they would have not made such large loans to the *jusen* or would not have made such investments in real estate. In other words, these people involved in real estate investments thought, despite the instructions of the MOF, the boom in real estate business would continue. If I am permitted to give my personal view, I will say they themselves not only made wrong business judgments, but also committed the mistake of belittling and scorning actions of the government office.



What really caused the bubble to burst? There several causes can be cited for it. But one must not jump to a conclusion that the MOF's soryo kisei did it. For one, an evidence to the contrary is that neither the banking institutions nor the real estate industry believed the MOF's soryo kisei would be effective. Actually, a bigger cause was the jump of real estate prices to a level beyond what general consumers or businesses could afford. But the most important of all the reasons was that demand for real estate had stopped just when the bubble was at its peak point. It should not be necessary to note that the bubble-induced rise of real estate prices could not continue forever. Prices that have gone up too far are bound to fall at some point.

It can be said that even if no soryo kisei measure was ordered by the MOF or even if its measure was a softer regulation, the real estate prices that had gone up to that high level would have come down sooner or later. Real estate prices would have sharply fallen eventually, and the fallout from this would have been felt and would have ended up somewhere — in the real estate industry, the *jusen*, or the banks. If all the assets in the real estate industry had been sold out, all these bad assets would have been left in the hands of general consumers. Once the bubble pops, the bad assets that have been created by the bubble are bound to remain somewhere. In the latest case of the bubble economy, the bad assets from it happened to be left in the hands of the *jusen*, the real estate industry and the banks, and that is all there was to it. Everything boils down to this one point: the bubble-induced high prices were so far above the appropriate level for the economy to run on. If someone criticized the MOF without heeding this point, I would have no choice but to say that their argument ignores the rationale of the economy.

In conjunction with the subject, I will touch on some rather minor points. I would like to note that the soryo kisei the MOF sought at the time was actually not such a severe regulation. Around that time, the banks' real estate-related loans were growing at the rate of 20 percent. All that the MOF asked was to lower the rate to 10 percent. Given the fact that the bubble was at its apex, I do not think its request was excessive. With regard to the point that the commercial and agricultural banks made judgmental mistakes and poured in 5 to 6 trillion yen in the *jusen*, I want to bring to your attention that while the *jusen* are under the jurisdiction of the MOF, they are institutions that lie outside the territory of the MOF's direct control. In other words, the *jusen* are not institutions which are established with the approval of the MOF, but are institutions which can be set up freely by filing a report to the ministry. I should not need to point out that the MOF can make active

interventions in only those institutions over which it has control through the process of issuing approval and permits. The MOF's intervention can only be weak on those institutions which can be set up simply by filing a report.

### **Irony of Deregulation Advocates Demanding Stricter Regulation of MOF**

Fifth, some people argue the MOF made a mistake by excluding the *jusen* when it ordered the soryo kisei action on banking institutions. To me such an argument is tantamount to getting things backwards. The argument saying the ministry should have applied the soryo kisei also on the *jusen* is tantamount to saying the MOF should have toughened its regulations. It should not need to remind them that it is not something new for the industry to start calling on the MOF and the whole government to alleviate government interference, but industry had been talking about it loudly through the whole of 1980s. As far as the problem of excluding the *jusen* from the soryo kisei is concerned, none of the news media, the economic circles or the general public — those people who have talked about deregulation so long — have any right to make such an argument.

In fact, this attitude can be said to reveal the Japanese people's unchanging habit of wanting to be pampered. They used to holler and cry the MOF should stop interfering in economic activities. But now that the *jusen* issue has been found to have aggravated as a result of the *jusen* not being under the MOF's control, they are now saying the ministry should have interfered. In other words, when things are going well for them, they say they do not want the government to interfere, but when the things are not going well to them, they say the government should interfere. Such an attitude of spoiled children is evident in the debate over the *jusen* issue.

### **Banking Institutions Are Not Mere Private Enterprises**

Sixth, I would like to refer to the hotly debated question of using 685.6 billion yen of government finance in the bailout scheme. A lot of public opinion is directed at venting anger on the MOF's plan to use the people's tax money to deal with the problem caused by mismanagement of private enterprises. But I must note that the banking institutions are not simple private enterprises.

We must not forget that finance is an essential part in the market economy, and banking is an industry which provides service of more or less public nature. Of course, I will not dare say the *jusen* themselves are public institutions. But I must say if the *jusen* issue comes to have an impact on commercial and



agricultural banks adversely, that will cause immense problems in providing banking services to the people of urban areas as well as farming areas. There is no guarantee that leaving the problem unresolved will not cause uneasiness about banking services to spread among the public. After all, banking is an economic activity which is influenced greatly by the direction of the social psychology.

For instance, if there was no uneasiness about the banking service, there would be enough money to go around in the economy, but if the people were caught by fears that all the banks in Japan could be in jeopardy, runs on banks will start across the country. Banks simply do not have enough assets to deal with all the demands for withdrawal that would pour in simultaneously. The people's uneasiness about their banks is enough to scare all the banking institutions. As such, the banking service is an activity which is easily influenced by the psychological condition of the people. The government must take action to preclude financial unrest when there is danger of such social psychology spreading.

During the latter half of the 1980's, debacles of the savings and loan associations (S&L) in the United States drove that country into a financial crisis. Eventually, the U.S. Government was said to have poured in 2 trillion yen — according to one story — or at least 1 trillion yen — according to another — from government funds to bail them out. That is the kind of thing the bubble economy does, after all. The bubble economy is the state of economy which has far exceeded the scope of normal conditions and which leaves no choice for the government but to take intervening actions on a scale never heard of before. We should think about that more calmly. Now that I am on that subject, I should dwell a little more on the case of the financial crisis in the United States. I must note that while that country's justice authorities are supposed to have arrested several thousand bank officials in connection with the S&L scandals, there were clearly legitimate grounds for these actions. They were charged with embezzlement of public money and breach of trust. To add a little of my joke, being such an individualistic country as it is, the United States had plenty of bank managers who took the bubble economy as a chance to embezzle money for themselves. Maybe, Japan is not totally free of such shameless managers. But as far as the *jusen* problem was concerned, it was more a problem of collective behavioral actions of the managers who meant to do something good for their companies — given the possibility of their companies going bankrupt — rather than a problem arising from the managers embezzling funds or committing breach of trust.

### **It Should Be Impossible To Blame Only a Certain Segment of People**

Seventh, there are now people noisily clamoring for punitive actions on business mismanagement. But if we want to take punitive actions on mismanagement, we must first be able to find out details of activities of the involved individual companies and their managers. We must be able to find out who in which companies made what loans and made what decisions in purchasing real estate assets, or how they operated with company funds. Otherwise there is no way of asking anyone to take managerial responsibility. Of course, the finance minister at the time and some key officials of the government and ruling parties could express apologies about the things that have transpired, and the top managers of the banks could express words of remorse on the hasty judgments they had made. But other than that, there is no way for anyone to take responsibility in a meaningful way.

To speak more generally, after all, the bubble situation was something that happened with almost all the people of the nation caught in a fever for investments. When all the people of the nation are caught in such a fever, it is impossible for only the ranking officials of the government and ruling parties and the managers of the banking industry to remain cool and to look through and beyond the given condition of economy. It would be only natural to think that the bureaucrats, politicians and managers were floating on the bubble as much as other people were when the whole nation was floating on the bubble. When that was the fact, it should not be right to try to put blame the fallout from the bubble economy on certain people. That will only delay and stall actions to resolve the financial problem. In fact, that will do nothing but help make the Japanese people's sense of economic morality look even more ambiguous.

### **General Public Benefited from the Bubble As Well**

Eighth, if the *jusen* themselves insist they cannot share in the burdens of bad loans while the nation thinks it will fall into a financial crisis unless some institutions take charge of the bad loans, then we come to the question of which institutions should be put in charge and take up the bad loans. Under the current plan for resolution of the problem, the commercial banks are supposed to do their part by abandoning their outstanding credits with the *jusen*. So are the agricultural institutions. A portion of funds is supposed to come from the people's tax money. What is evident is that eventually, the seven *jusen* will all go bankrupt; the debts that accrued from the bubble will mostly be taken over the commercial and agricultural banks; and what is left thereafter, which would amount to 685 billion yen or a little over 1 trillion



yen including secondary losses, will be borne by the general public.

Would it be so extraordinary if the general public defrayed the expense which would come to about one-tenth or one-twentieth of the total losses? I do not think so. After all, the people who really gained from the bubble economy were the majority of the people themselves. We must not forget that the money always circulates around. Let's say a real estate businessman sold some asset for a profit of 10 billion yen. Out of that 10 billion yen, 4 to 5 billion yen would have flowed into the MOF in taxes and the MOF would have used that money for the welfare of the people in budget spending.

One story has it that the MOF collected about 1 trillion yen more than usual in every year of the five-year bubble economy period. It can be said that there was additional spending of 1 trillion yen in the public welfare programs every year of the five years, which means the general public gained 1 trillion yen every year of that period. Who then were the losers? Needless to say, the losers were the real estate businessmen, the value of whose articles fell, for instance, from 10 billion yen to 1 or 2 billion yen following the collapse of the bubble, and the *jusen* who had made loans to these businessmen, and the commercial and agricultural banks who had provided funds for the loans to the *jusen*. Of course, there are no legal grounds obligating the general public to return their gains of several trillion yen to the banks and the real estate industry. But if the present problem is left unattended, it can develop into a financial crisis, or at least, can become an impediment to the efforts for reconstructing the Japanese economy. Given the circumstances, it should be considered only natural that the general public, who gained several trillion yen's worth of benefits from the bubble economy, should agree to spending a little portion of their gains to prevent the financial crisis from happening or to resolve the problem of the current economic recession. I tend to think the act of the public going as far as they are in opposing the public spending should be considered too greedy. I would like to ask if they are not the ones to be morally reproached and punished.

Of course, among the general public there are also the people who sustained great losses for themselves as a result of the collapse of the bubble. They are the consumers who bought real estate assets at high prices during the bubble period. These consumers, for instance, bought their houses at the price of 100 million yen, but the price fell as low as to 10 or 20 million yen after the collapse of the bubble. These consumers are in a predicament. They have used bank loans of tens of million yen to buy the houses. If they cannot repay the loans, they will have no choice but to sell

the houses at the price far below what they paid for. They bought the houses, anticipating they would be able to sell them at the price of about 130 million yen eventually, thus making some profits from the sale. But their anticipation has not been met. Inasmuch as this problem of the banks and the real estate industry rose from such anticipation on the rise of prices as well, one could say then the general consumers whose anticipation has not been met should be bailed out too. But what we must not forget here is that if we go that far, the rule of market competition will stop functioning completely.

The application of the principle of market competition also means that the people themselves should bear risks, large or small, on the economic actions they take. The only reason the banking industry is excluded from that principle more or less is because the banks are quasi-public institutions, whose collapse can have a serious impact on the overall industry. Of course, people who are in financial difficulty and have a hard time getting by can be aided through social welfare programs, but the government should not go so far as to bail them out of the bad debts they have been stuck with as a result of bad bank deals or real estate deals. If losses from dealings in commodities and real estate assets can be statistically verified and confirmed as having arisen during the bubble economy period, it may be possible to take such special rescue actions as exempting them from taxation. But such actions should be ones that come from the perspective of providing social welfare benefits, and should not be considered in the context of measures to resolve the financial problem itself. That problem must be set aside and discussed separate from the *jusen* issue.

#### **Market Cannot Deal with the Problem of Price Slashing**

Lastly, I will take a look at the problem of Japanese businessmen's attitude of desiring to be pampered. I will do so by citing an example. Last November, the government decided to raise a fund of 11 trillion yen for use in economic pump-priming, by issuing public bonds. As far as I know, the business circles and news media were all pleased about this spending of 11 trillion yen despite the fact that the money will come from issuing public bonds. Almost no one presented an objection to this action. But issuing public bonds means having our children and grandchildren eventually pay for the interest as well as principal of the bonds. In other words, the people of this nation are trying to prime up the economy today by making their descendants pay for the debts later.

We must ask a question of ourselves why the Japanese economy has fallen into the condition it is in today.



Naturally, many causes can be cited, but if we narrow down the list of them to those immediate to us, we can say that the problem of the current recession arose because almost all the industries and almost all the businesses of Japan had misjudged the direction the bubble economy was heading, and had made capital investments that were too large, employed too many people, bought inventories of materials that were too big, and expanded their sales networks too ambitiously. Viewed from this context, the 11 trillion yen was nothing but bailout money for the Japanese economy which had committed mistakes while in the bubble. Of course, the pump priming measures certainly do contain a segment on nurturing the new industry related to multimedia communications service. But when we realize even that segment on promoting the multimedia industry was included from the expectations on that industry to contribute to helping the nation recover from the failures of the bubble, no one can deny that all of the 11 trillion yen was in fact the bailout money for the Japanese economy.

Once we recognize this as a given fact, it becomes clear that a major problem existing in the Japanese economy is that of the people being immoral, rather than a contradiction in their thinking. It just does not make sense that the people should enthusiastically approve spending 11 trillion yen to bail out the Japanese economy — shifting the burden of repayment to descendants in doing so — but should so fiercely object to providing bailout money to resolve the problems of the banks or the real estate industry, just because the people themselves have to bear the burdens now. If they object to shouldering the expense of 685 billion yen now, they should also have objected to using 11 trillion yen in the pump priming measures. If we follow their logic, then inasmuch as the current economic recession has been caused by the easygoing and rash managerial decisions of industries and individual businesses, these industries and business themselves should be held responsible and they should not be allowed to rely on government finance to help them out of financial problems either.

Let me add this. As seen in past historical facts and in the more recent facts witnessed in the economic crises of the United States and other countries, the crises are the conditions which could not have been predicted with ordinary logic and common sense. If these crises are left unattended, they can lead to further serious crises as a result of the social, psychological uneasiness. Given all this, to speak rather bluntly, it is clear that the public who have gained or benefited from the situation via tax should stop debating and agree to pay 5,000 yen or 10,000 yen per head, and to proceed to resolve this financial problem. After all that is done, if

they still want to penalize some people, they should go after Ichiro Ozawa, who was then the general secretary of the ruling party, and Ryutaro Hashimoto, who was the finance minister at the time, to demand they take responsibility. They can also go after the heads of those who were presidents of the banks in those days and all the other involved people one after another, and can expel them from Japanese industry for their part of moral responsibility.

But I must make a declaration here. I must declare that all the actions of penalizations, accusations, and convictions should be taken only through the process of law, and I must add it would be basically foolish to chase these able people out of the political, economic or official worlds over the issue of whether or not to have the public bear 5,000 yen or 10,000 yen per head — now when these three worlds are having such a hard time finding good people as it is. If the people have time left to mull and talk about the issue, I recommend they return to the first point in the principles of economics and note that it is the nature of the market mechanism that prices sometimes fly ridiculously high as seen in the bubble economy situation and sometimes fly ridiculously low as seen in the collapse of the recent bubble economy. This condition of prices flying erratically, whether for the rise or fall, indicates that the price system is unstable. We must realize the fact that the market system is not able to cope with such problem of prices falling ridiculously low or soaring ridiculously high.

In spite of this, for the past three to five years, the people of Japan have only talked in praise of the slashing of the prices. Their talk is one of foolishness tantamount to saying the slashing of prices or the violent change in prices and the consequent violent destabilization of the market is something good and splendid.

#### **Japan: Panel Urges Abolition of OTC Share Tenders**

*OW2702141096 Tokyo KYODO in English  
0938 GMT 27 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO — A trade ministry panel on Tuesday [27 February] called for abolishing the current tender system for establishing prices of over-the-counter (OTC) shares at the time of their debut, ministry officials said.

The working group of the Ministry of International Trade and Industry, led by Hitotsubashi University Professor Kunio Ito, made the recommendation in an interim report, with an eye to invigorating the anemic OTC market, they said.



The report said Japan's OTC market is not functioning well as a place where business corporations can raise funds from investors, noting that the annual aggregate value of shares traded over the counter in Japan is less than 1-10th that of the United States.

The panel blamed the tender system — where investors submit bids through computers at the time of OTC debuts — on Japanese OTC shares fetching disproportionately high prices in relation to the earnings performance of a company that offered the share.

Because the prices of OTC shares "tend to decline in many cases" after fetching high prices at the time of their OTC debut, it dissuades investors from actively hunting for shares, thereby resulting in low volumes of transactions, it noted.

Instead, the report urged the Japanese securities industry to adopt the bookbuilding system — currently practiced in the U.S. and other places — to help establish the initial prices of OTC shares.

Under the bookbuilding formula, financial advisers canvass major institutional investors to establish how many shares each would be likely to be taken and at what price, when an issue makes its OTC debut.

The panel also recommended that financial authorities obligate securities companies to present suggested selling and buying quotes for OTC shares to customers.

It also called for obliging brokerage houses to comply with sell or buy orders from customers.

#### **Japan: MOF Considering Changing Long-Term Trade Requirements**

*OW2702141496 Tokyo KYODO in English  
1210 GMT 27 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 27 KYODO — The Ministry of Finance [MOF] is considering scrapping a requirement that trading houses seek permission for long-term trade deals where there is a time lag of more than two years between the export of products and receipt of payment, ministry officials said Tuesday [27 February].

The ministry is considering replacing the current requirement with a new one that traders report such long-term export deals after they receive payment from their foreign customers, they said.

The ministry is also thinking of easing the regulation that securities companies seek permission for currency swap deals they may conduct for customers to help them hedge against possible foreign exchange losses in purchasing foreign securities, they said.

These measures may be included in a package of deregulatory steps the government plans to release at the end of March, they said.

Earlier in the day, some panelists at the Committee on Foreign Exchange and Other Transactions, an advisory body to the finance minister, called for easing regulations in foreign exchange and trade fields, they said.

In view of these opinions, the ministry "would like to start implementing what could be deregulated," said an official at the ministry's international finance bureau.

#### **Japan: MOF Considering Removing Bank Forex Holdings**

*OW2802132196 Tokyo KYODO in English  
1140 GMT 28 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO — The Ministry of Finance [MOF] plans to remove the ceiling on foreign exchange [forex] holdings by banks as early as April in a move to stimulate the yen's further fall against foreign currencies, ministry officials said Wednesday [28 February].

The removal will allow foreign exchange banks to sell the yen and buy the dollar without concern over regulations, they said.

The officials said the ministry hopes that the decontrol will help promote the yen's decline to a level reflecting Japan's economic fundamentals and trim its current account surplus.

The yen has hovered around 104 to the dollar in recent days, and the ministry's step is aimed at guiding the yen lower against the dollar, observers said.

Banking sources, however, expressed doubt about its impact on foreign exchange trading as most banks are careful about massive dollar buying to avoid risks.

The step apparently is designed to ease foreign criticism of the ministry's posture to provide excessive protection for banks, they said.

No restrictions are imposed on foreign exchange holdings by banks in the United States and Germany, they said.

The officials said the ministry has dispatched a fact-finding mission to the U.S. and Germany to assess the impact of deregulation.



**Japan: MOF Likely To Delay Deregulation of Market Price Issues**

OW2802133496 Tokyo KYODO in English  
1153 GMT 28 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO —  
- The Ministry of Finance (MOF) intends to put off the complete deregulation of new share offerings to the public at market prices but ease existing regulations, officials said Wednesday [28 February].

The ministry wants to avoid dampening a recent pickup in stock prices, the officials said.

New share issues to the public at market prices soared to 6.26 trillion yen in fiscal 1989 on the back of inflated stock and asset prices. Starting in fiscal 1990, however, such issues were banned in reaction to the bursting of the economic bubble.

With the stock market starting to show a recovery then, the ministry in December 1993 permitted companies to make new share public offerings at market prices as long as they clear set guidelines such as a return-on-equity (ROE) ratio of 10 percent or more.

A government committee promoting deregulation called for removing the regulations.

But at a time when even major commercial banks are expected to fall into the red in connection with the write-off of their large claims on insolvent housing loan companies, the ministry fears that the removal of regulations would send stock prices falling by prompting banks to increase fund-raising from the stock market, the MOF officials said.

While putting off the removal of regulations, the ministry is likely to lower the required ROE ratio to a three-year average of 2 to 3 percent, the officials said.

A cut in the ROE ratio will not adversely affect the stock market as only 125 of the 2,184 listed companies have ratios higher than 10 percent, the officials added.

Under the existing regulations banning businesses in the red from issuing new shares to the public at market prices, some major banks, which are expected to run into the red, are planning to raise funds through the issuance of preferred stock that offers no voting rights but has priority over common stock in the payment of dividends.

The ministry therefore plans to set guidelines for the issuance of preferred stock, such as prices at which it is converted into common stock, the officials said.

By the end of March, the ministry will formally decide on its plans to deal with the question of public offerings of new shares at market prices, the officials added.

**Japan: TSE Urges Change in Business Results Reports**

OW2802065196 Tokyo KYODO in English  
0605 GMT 28 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO —  
The Tokyo Stock Exchange (TSE) on Wednesday [28 February] requested listed companies to partially change the form of brief financial statements they file, TSE officials said.

This is in response to increasing equity-linked securities such as convertible bonds and bonds with equity-purchasing warrants that are to be converted into shares in the future, they said.

Specifically, the TSE asked them to start disclosing net earnings per share that they calculate by taking into account not only outstanding shares but such equity-linked securities as well.

The new form will be applied to these reports for fiscal 1995 ending March 31, they said.

**Japan: Prosecutors Urged Quick, Strict Action on Financial Crimes**

OW2902113996 Tokyo KYODO in English  
0127 GMT 29 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO —  
- Justice Minister Ritsuko Nagao urged prosecutors Thursday [29 February] to take legal action in a quick and strict manner against financial acts that are found subject to criminal charges.

Speaking at a meeting of chief public prosecutors and senior officials of the Public Prosecutors Office, Nagao said the government is now required to clarify the legal responsibility of people involved in the bad loan problem at financial institutions.

She made the remarks amid Diet debate over a government scheme to use 685 billion yen in taxpayers' money for the liquidation of seven moribund mortgage firms, known as "jusen."

The plan has come under fire from the general public for being drafted before the issue of responsibility has been settled.

Public Prosecutor General Takaharu Dohi told the meeting that prosecutors must investigate financial crimes more aggressively in view of increasing public demands for investigation.

The annual meeting will continue through Friday.

In an unusual move, the Public Prosecutors Office in January set up a joint committee on the jusen fiasco



involving the Supreme Public Prosecutors Office, the Tokyo High Public Prosecutors Office and the Tokyo District Public Prosecutors Office.

In addition, the Tokyo District Public Prosecutors Office formed a special investigation squad devoted to the housing loan problem and launched a probe into alleged financial crimes of people involved in the jusen issue.

The Justice Ministry's Criminal Affairs Bureau has maintained cooperation with the Finance Ministry in obtaining information, while having contact with the National Police Agency and the Public Prosecutors Office.

#### **Japan: Role of Japan's Auditors Questioned**

962A0012A Tokyo SHUKAN TOYO KEIZAI  
in Japanese 13 Jan 96 p 83

[Article by Akiko Osaki, journalist: "Are Japan's auditors just window dressing?"]

[FBIS Translated Text] **Who do they serve? Failure of Japan's auditors to foresee bankruptcies goes unchallenged by silent stockholders**

On 28 September of last year, the Tokyo High Court, reversing a lower court decision, ruled in favor of the accounting firm being sued by Nippon Koppers.

The Japanese subsidiary of a German company, the plaintiff had sought damages from Meiwa Audit Corp. and its auditor for failing to uncover the improper handling of the company's books by one of its own accountants. The First Tokyo District Court found the accounting firm negligent in "failing to examine fixed-term deposit certificates" and ordered Meiwa to pay the plaintiff 48 million yen.

Kiyoshi Matsuo, a partner in Price Waterhouse, an American accounting firm, expressed surprise by the Tokyo High Court's reversal. "The profession lacks accountability," he said of Japan's auditors and accountants.

Regardless of whether or not the defendant was legally "obligated to conduct an actual examination of its client's records," Masami Otsuka, an attorney and certified public accountant who is dually qualified to practice in Japan and the United States, feels the case has unfortunate consequences for the accounting industry. "It shows everyone there's not much point to requesting an audit," he says.

Taking a look at the failed Hyogo Bank, we see that its fiscal 1994 audit report, dated 29 June, concludes that "the above-mentioned financial statement properly reflects the financial position and operations of Hyogo bank, a joint-stock company, as of 31 March." Two

months later, on 30 August, Hyogo Bank announced its liquidation. Nonperforming assets amounted to 1.5 trillion yen. "This couldn't have happened in the United States," says Otsuka. "If there was a possibility the company might go under within a year," he explains, "the auditor would have had to point that out. Otherwise, he could be sued by the bank's investors and depositors."

#### **Abandoning Responsibility as Professionals**

If an auditor expresses the view that a listed corporation's financial statement is "incorrect" or "improper," his client will be delisted. But no auditor has ever made such a statement (in the case of Gajoen Kanko [a tourist agency], the auditing firm's contract was cancelled). It would not be surprising, then, to see listed companies, though given a clean bill of health by their auditors, failing or going bankrupt.

What are audits for, then, we want to ask. Accountants will all point to the gap that exists between what laymen and investors expect and the actual nature of their jobs.

"It's not the purpose of audits," they say, "to expose embellishments or improprieties. Unlike tax audits, they don't carry the force of law. Auditors can examine certain things to see whether they are properly reported but not if they've been intentionally concealed."

"Properly reflected" is a technical term. It means that, even if a company is in financially bad shape, its position has been properly reflected in its financial statement. The average person, however, misunderstands, say these accountants. The layman takes this phrase to mean the "company is in proper shape."

This "expectation gap" would not be permitted in the United States, and in order to close it, auditors have come to comment on whether a company is a "going concern" and still likely to be around in another year's time. In the United States, the accountant or firm that has conducted an audit is exposed to the threat of lawsuits from stockholders and other interested parties. This means, then, that although they won't be responsible for what happens to the company several years hence, they will be accountable for up to one year.

In the case of the failed Lincoln Savings and Loan Association, for example, Ernst and Young and Arthur Andersen and Co., two of the six largest accounting firms, paid close to 10 billion yen in damages. Price Waterhouse was also ordered to pay about 40 billion yen in connection to an audit of an Arizona bank. Rabensoru and Howasu [as transliterated], the seventh largest firm, is being driven to bankruptcy under the weight of a 1990 lawsuit against it. With unlimited liability, partners in the firm were all saddled with a huge debt.



Because of frequent lawsuits, insurance companies have ended up refusing to insure accounting firms. And steps are currently under consideration to assign unlimited responsibility only to auditors while assigning limited responsibility to other partners according to their share in the firm.

Compared to the United States, Japan is an auditor's heaven. Even though Ipec Inc., a company that was declared bankrupt in 1992, was found to have practiced extensive window dressing prior to its public stock offering, the auditor, who was rumored to be responsible, was never stripped of his license. Formerly, in cases involving Sanyo Special Steel Co. and Kurita Industries, such a step had in fact been taken against the auditors involved, but from 1980 on, in the cases involving Kojin and Nitto Arare, the auditors were let off with only a warning. Nippon Koppers is the only case involving a lawsuit.

Zenichiro Takahashi, chairman of the Japan Association of Certified Public Accountants, finds the suggestion that accountants here adopt the same convention of indicating whether a company is likely to stay in business "premature." There is no strong public demand for such a step at present, he says. In fact, he points out, a negative report about a company's ability to stay in business may itself contribute to its going under.

"In the case of Hyogo Bank," says Takahashi, "the president, a former Finance Ministry official, proposed a restructuring plan based on a long-term improvement in collateral value. The accountant could hardly come out at such a time saying it was doubtful that collateral values would improve and the bank was as good as finished. The same goes for the so-called jusen, or housing loan companies."

However, whatever the Finance Ministry, the supervising agency, says the auditors agree because the Ministry is the king. That attitude makes us wonder whatever happened to the auditors' supposed independence and autonomy. They seem to have abandoned their pride and their responsibility and ethics as professionals.

An angry Otsuka responds. "It's not necessary to talk about things like restructuring plans," he says. "But it is necessary to let people know what will happen if the restructuring plans on which a company's future depends fall apart or fail. To make matters worse, even if we were to look at Hyogo Bank's financial statement, it still wouldn't be clear that the bank was ailing. Instead," says Otsuka, "only 60.9 billion yen in loans to bankrupt borrowers is reported, and we're told everything was done in accordance with the settlement standards of the banking industry." In other words, before being concerned about an expectation gap, we

should look first to the fact that the bank's financial statement failed to "properly reflect its true health."

Whispered to be behind this lack of a tougher hand are the "close ties" the Finance Ministry has to those it oversees. Retired ministry officials, so-called descendants from Heaven, though having no accounting qualifications, have taken posts as "chairmen" of various accounting firms since the 1980's. "It's understood that they're there to advise the firms," [says Takahashi], rejecting the idea of any collusion. Speaking for the 10,000-member Association of Certified Public Accountants, he claims "none of the association's members would permit the ministry to intervene in an audit, nor would they approve of an accountant's getting away without being disciplined for questionable conduct."

### Will Stockholder Lawsuits Change Things?

A paternalistic relationship also exists between accounting firms and their client-companies. According a securities industry source, "Sometimes a senior auditor will sign off on an audit report without really understanding the client's actual situation." Toshiaki Hasegawa, an attorney who is well-acquainted with the situations in the United States and Japan, points to a "lifetime contractual system" for accountants and lawyers. "Japanese banks will keep paying them until they die," he says, "even when they're no longer useful."

How much do Japan's large companies—giants like Hitachi, Ltd., Matsushita Electric Industrial Co., or Toyota Motor Corp.—pay for audits? "Several tens of millions of yen per year" seems to be the consensus among industry sources. In the United States, comparably sized companies would be paying a figure one digit higher.

Costs are high in the United States because audits are conducted according to the book, with an enormous expenditure of time and energy, in order to avoid lawsuits. For Japanese companies, audits are done with an eye toward efficiency. The trouble is that stockholders permit such shortcuts.

Says Price Waterhouse's Matsuo, "It's no good just blaming auditors. In the United States, there is a widespread awareness that disclosure is what supports the democratic principle. Client-companies pay them just as they do in Japan. But corporate managers and auditors both know that the stockholders own the company and are the ones who employ them, and so you won't find them working in collusion with each other."

In Japan, too, stockholders have begun to take their cases to the courts and otherwise assert their rights. For more responsible audits and greater accountability on the part of auditors, such awareness and action is needed.



**Japan: Government Panel Urges NTT Split Within FY96**

*OW2902081396 Tokyo KYODO in English  
0528 GMT 29 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — A government advisory panel mapped out a report Thursday [29 February] calling for splitting Nippon Telegraph and Telephone Corp. (NTT) into one long-distance and two regional telecommunications carriers within fiscal 1998 ending March 1999.

The report was submitted to Posts and Telecommunications Minister Ichiro Hino.

The government is supposed to finalize its policy on the NTT breakup by the end of March. But it is likely to postpone making a decision, with NTT and some ruling coalition members, especially the Social Democratic Party, opposing the move, analysts said.

In the report, the telecommunications council said an NTT realignment is necessary to break its monopoly on regional telecom networks for fairer competition, offer lower rates and diverse services, and spur the international competitiveness of the industry.

The panel proposed fully privatizing the long-distance offshoot. That should put the company on an equal status to DDI Corp. and other long-distance carriers who emerged after the semiprivatization of NTT in 1985. NTT is still owned 65.5 percent by the government.

The panel also argued that the long-distance carrier should be immediately allowed to access the markets for international telecom, cable television and other services, and enter overseas markets because it will be detached from NTT's monopolistic local networks.

The company should also be allowed to compete with the two local NTT offsprings in regional telecom services, the panel said.

Meanwhile, the two local carriers, which are to cover the eastern and western parts of the country, should remain semiprivate for the time being to ensure continued telecom services in every corner of NTT's current business areas, the panel said.

The companies should be able to offer telephone and cable TV services in the other's business regions, while providing services abroad.

They will be barred from expanding operations to long-distance telecom, international telecom and cable TV services in their own areas for the time being because of their monopolistic potential, according to the panel.

But as competition progresses to reduce the monopolistic potential, the companies should be permitted to offer

those services, it added. The status of competition in the local telecom sector will be reviewed every year.

The three NTT offshoots should be independent of each other in terms of equity ownership to encourage mutual competition. They should be prohibited from merging again, the panel said.

On international telecom carrier KDD [Kokusai Den-shin Denwa], the panel said the company should be allowed to offer long-distance, mobile and other domestic telecom services prior to the proposed NTT breakup to promote mutual business access by domestic and international carriers.

Meanwhile, the panel urged the government to lift a provision in the telecommunications business law which restricts the entry of new players into telecom services as part of its deregulation.

The panel called for revising rate-setting regulations for local carriers to introduce competitive incentives for boosting efficiency. Long-distance and international carriers should be allowed to set rates simply by reporting to the government, it said.

To help diversify services and lower charges, all carriers should have reasonable and indiscriminating access to telecom facilities such as NTT's monopolistic regional networks that are indispensable for their operations, the panel said.

Currently, however, carriers seeking access to such networks have to negotiate with and win consent from those who own them.

The panel therefore suggested that carriers be mandated to interconnect their networks. The telecom ministry should establish an expert division to draw up rules on interconnections and monitor observance by carriers, it said.

**Japan: Business Groups Divided Over Planned Split of NTT**

*OW2902105396 Tokyo KYODO in English  
1029 GMT 29 Feb 96*

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — A group of 250 communications equipment makers on Thursday [29 February] criticized a plan proposed by a government advisory panel earlier in the day to divide Nippon Telegraph and Telephone Corp. (NTT) into one long-distance and two regional telecommunications carriers in fiscal 1998 through March 1999.

The analysis of the current telecommunications market and theoretical support for the proposed split of NTT as recommended in the plan need more scrutiny, the Communications Industry Association of Japan said.



The plan also includes some dubious points by international standards, it said.

In the report submitted to Posts and Telecommunications Minister Ichiro Hino, the Telecommunications Council said NTT's split is necessary to break its monopoly on regional telecom networks for fairer competition, offer lower rates and diverse services and spur international competitiveness of the industry.

But the association, which includes members like NEC Corp., Oki Electric Industry Co. and Hitachi Ltd., urged reviewing the report on the grounds that it does not offer a scenario for Japan's telecom market.

The association also said the Japanese telecom market now needs an increase in competition without NTT's breakup.

In the meantime, Shoichiro Toyoda, chairman of the influential Federation of Economic Organizations (Keidanren), said the council report deserves praise as it calls for the promotion of competition and refers to Japan's new telecom policy.

But more discussions on the report should be carried out within the government and the Diet from the viewpoint of improving the quality of living in Japan and the international competitiveness of Japanese industry, Toyoda added.

#### **Japan: 'Highlights' of Government Panel Report on NTT Breakup**

OW2902091296 Tokyo KYODO in English  
0532 GMT 29 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 29 KYODO — The following are the highlights of a report filed Thursday [29 February] by the Telecommunications Council on breaking up Nippon Telegraph and Telephone Corp. (NTT):

— NTT controls 99 percent of local telephone calls made within each prefecture of the country.

— To lower telecommunications rates and promote fair competition, NTT's monopoly of regional networks, on which almost all other carriers depend, should be eliminated.

The government should:

— Split NTT into one long-distance and two local telecommunications carriers within fiscal 1998, with the regional ones covering the eastern and western parts of the nation.

— Allow the long-distance carrier to immediately provide international and regional telecom as well as cable TV services, and enter overseas markets.

— Assign the carrier to inherit from NTT the stocks of three NTT subsidiaries — NTT Data Communications Systems Corp., NTT Mobile Communications Network Inc. (NTT DoCoMo) and NTT Personal Communications Network Group companies.

— Bar the two local carriers from offering long-distance, international and cable TV services in their own business areas until competition progresses to reduce their monopolistic power. They can offer phone and cable TV services outside their areas.

— Permit international telecom carrier KDD [Kokusai Denshin Denwa] to enter the domestic market prior to the breakup of NTT to enhance mutual business access by domestic and international carriers.

— Boost maximum foreign ownership of the long-distance offshoot to less than one-third of its shares, compared with the current ownership restriction on NTT and KDD of less than 20 percent.

— Consider easing foreign ownership of the two local carriers in line with progress in regional telecom competition. The limit on foreign ownership of KDD should come under review when debate begins on the law controlling the company's business.

— Deregulate the entry of new players into the telecom market and liberalize the use of leased lines within 1996 for domestic services and within 1997 for international services.

— Mandate network interconnections by telecom carriers to ensure prompt access to NTT's local networks and other vital facilities under reasonable and nondiscriminatory conditions.

### **Mongolia**

#### **Mongolia: Opposition Parties To Cooperate in Election**

OW2102134896 Tokyo KYODO in English  
0937 GMT 21 Feb 96

[FBIS Transcribed Text] Ulaanbaatar, Feb. 21 KYODO — Mongolia's two opposition parties have agreed to cooperate in a June election for the country's supreme legislative body, the Mongolian Great Hural, a Mongolian newspaper said Wednesday [21 February].

Prior to the country's previous election in 1992, opposition parties captured some 46 percent of the overall vote, but because they were not united, the governing Mongolian People's Revolutionary Party took power.

The paper, "PEOPLE'S POWER," said the two opposition parties, the Mongolian National Democratic



Party and the Mongolian Social-Democratic Party, have agreed to field common candidates in electorates at the next election.

Of the 76 seats in the Great Hural, the governing party currently holds 70, while the National Democratic Party has four, and the Social-Democratic Party has two seats.

#### **Mongolia: Ochirbat Seeks 'Tiger Economies' Standards**

*LD1402094596 Moscow ITAR-TASS World Service in Russian 0558 GMT 14 Feb 96*

[By ITAR-TASS correspondent Kim Baldakhonov]

[FBIS Translated Text] Ulaanbaatar, 14 Feb — The plan for Mongolia's development which President Punsalmaagiyn Ochirbat submitted today for a wide public discussion envisages "forming a humane society based on a unity of democratic principles in the economy and politics, reaching in the next 25 years the living standards of new industrially developed Asian countries, the so-called tiger economies." The document appeared in the newspapers today.

This comprehensive document, which ARDYN ERH says the president has been compiling for two years, indicates the main directions for the effective use of the country's spiritual and production potential, as well the external factors favorable for the implementation of this major large-scale program.

### **North Korea**

#### **DPRK: U.S. Accused of Making Numerous Espionage Flights**

*SK2902042396 Pyongyang KCNA in English 0401 GMT 29 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — The U.S. imperialist warmaniacs have continued aerial espionage on the North of Korea in February with various types of overseas and South Korea-based strategic and tactical reconnaissance planes, military sources said.

On Feb. 27 a U-2 spy plane made a shuttle flight from East to West along the Military Demarcation Line (MDL) for the purpose of photographing and electronic espionage on the interior of the North. Such missions by the aircraft number more than 30 in February.

Earlier, Feb. 23 and 24, 19 reconnaissance planes including strategic spy planes, early warning planes, tactical spy planes and electronic warfare helicopters flew in the air above the MDL day and night for intensive espionage on the North.

From the beginning of February the U.S. imperialists have committed aerial espionage on the North more than 170 times with various types of strategic and tactical reconnaissance aircraft.

The fact clearly shows that their call for peace and detente in the Korean peninsula is a lie and their aggressive design to stifle the North by force remains unchanged.

#### **DPRK: ROK Troops Allegedly Commit Military Provocations in DMZ**

*SK2902041996 Pyongyang KCNA in English 0358 GMT 29 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — Military sources were quoted as saying that the South Korean puppets committed grave military provocations, rendering the situation strained in the Demilitarized Zone in the western and central sectors of the front on February 26 and 27.

On the 27th, puppet Army soldiers swarmed into the DMZ southeast of the western sector of the front, carrying machine guns and automatic rifles with them and wielded their guns toward our side. Earlier, on the 26th, scores of puppet Army soldiers brought a 90 mm recoilless gun to a combat position and levelled it at a post of our side, threatening the life of People's Army soldiers.

The reckless provocations of the Kim Yong-sam group are the last-ditch effort of those doomed to death.

The South Korean puppets should ponder over the grave consequences of the military provocations in the DMZ and stop acting rashly.

#### **DPRK: ROK's NCNP Denounces 'Illegal' Election Activities of NKP**

*SK2802124796 Pyongyang KCNA in English 1011 GMT 28 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA) — The South Korean opposition National Congress for New Politics (NCNP) held an emergency measure meeting on February 24 and denounced the traitor Kim Yong-sam and the "New Korea Party" for engaging themselves in illegal "election" race, a Seoul-based radio reported.

Recalling that Kim Yong-sam sent letters to voters in an indiscriminate way, the NCNP branded it as a clearly illegal election campaign and warned that it would lodge a complaint against it.



It declared it would take an action against the "New Korea Party," which is circulating impure printed materials concerning the "election."

Six members of the leadership of the NCNP made a protest call on the puppet prime minister on February 23 against the one-sided investigation of police authorities into candidates of opposition parties.

**DPRK: ROK Groups Resolve To Defeat Old Regime Candidates in Election**

*SK2802150696 Pyongyang KCNA in English  
0259 GMT 28 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA) — Eight opposition organisations in South Korea including Citizens Federation for Economic Justice and the Federation of Environmental Movement called a press conference at a conference room of the National Labour Federation for Democracy (Minno-chong) on February 23 and declared that they would strive for the defeat of the candidates of the "Fifth and Sixth Republics" forces in the "election" due for April, according to a radio report from Seoul.

They said that they would open to the public lists of those of the "Fifth and Sixth Republics" involved in the secret fund scandal and the fabrication of undemocratic evil laws so as to force them to give up running for the "election" of their own accord.

**DPRK: Pomminnyon Emergency Meeting Discusses Jailed ROK Dissidents**

*SK2802125696 Pyongyang KCNA in English  
1037 GMT 28 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA) — An emergency meeting of the presidiums of the North and overseas headquarters of the National Alliance for the Country's Reunification (Pomminnyon) was held here today.

It was attended by Chairman Paek In-chun and other Presidium members and Secretariat members of the North side headquarters, Vice-Chairmen So Man-sul and Yang Tong-min of the overseas headquarters, Pomminnyon Secretary General Yim Min-sik, who is also director of the Secretariat of the Overseas Headquarters, and Deputy Director Pak Yong of the Secretariat of the Overseas Headquarters.

Discussed at the meeting were measures to continue the struggle for the release of South Korea's patriotic champions of reunification.

The North and Overseas Headquarters informed each other of the activities conducted in the North and abroad for the release of the patriotic champions of

reunification including the chairman, vice-chairmen and other leading members of the South side headquarters of Pomminnyon, who were arrested on unreasonable charges late in November last year, and discussed measures to continue activities for their release.

They decided to form the "joint committee of the North and overseas sides for the release of South Korea's patriotic champions of reunification" (joint committee) for the purpose of invigorating the activities for their release in an organized way and send letters to political parties and organizations in all countries and international organizations in the name of the emergency meeting.

**DPRK: Pomminnyon Forms Overseas Committee for Emergency Measures**

*SK2902043096 Pyongyang KCNA in English  
0351 GMT 29 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — An overseas committee for emergency measures to defend the National Alliance for the country's reunification (Pomminnyon) and the release of pro-reunification patriotic figures was formed on February 15, according to a news report.

Its co-chairmen are So Man-sul and Yang Tong-min, vice-chairmen of the overseas headquarters of Pomminnyon.

It is composed of 26 executive members and three working-level members.

A prospectus was published in connection with the formation of the committee.

It said:

We will launch a powerful struggle to frustrate the wicked design of the Kim Yong-sam regime to get rid of Pomminnyon and emasculate the reunification movement by labelling the members of the South side headquarters of Pomminnyon as "spies" and, at the same time, we will strive for an immediate release of the pro-reunification, patriotic-minded figures under detention.

We will support and encourage the pro-reunification, patriotic forces in South Korea in their prison struggle and sit-in strikes and extend positive solidarity and cooperation for their struggle.

Expanding the struggle for the release of the imprisoned figures on a worldwide scale, we will invigorate the international solidarity movement so that the international human rights organisation and peace-and justice-loving peoples all over the world may support and join in our struggle.



**DPRK: Pomminnyon Urges Release of 'Patriotic Champions of Reunification'***SK2802130396 Pyongyang KCNA in English  
1046 GMT 28 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA) — The North and overseas headquarters of the National Alliance for the Country's Reunification (Pomminnyon) held an emergency Presidium meeting here today to discuss measures for the release of South Korea's patriotic champions of reunification, and decided to send a letter to political parties and organizations in all countries and international bodies which value justice and peace.

The letter says the Korean people, irrespective of difference in ideology, idea, political view, religious belief, system and affiliation, have activated the movement for great national unity and the country's reunification at home and abroad and, through the movement, Pomminnyon, the nation's umbrella organization of the reunification movement, was formed.

It further says:

Since Pomminnyon was inaugurated, however, the South Korean authorities have intentionally obstructed its activities, defining it as an "organization benefitting the enemy." In late November and early December last year they arrested the chairman, vice-chairmen and other leading members of the Pomminnyon South side headquarters, 30 in all, on groundless charges of being "spies."

It is clear to everybody that their struggle for great national unity and the country's reunification was not an "enemy-benefitting act" and their overt activities for reunification could not be considered "espionage".

Nevertheless, the South Korean authorities detained them with no evidence. In this way they have sought a political purpose of avoiding the strong public protest against them over the slush fund scandal, bridging over the ruling crisis and getting rid of dissidents, particularly the national forces for democracy with the "National Assembly election" to be held in South Korea in April.

Most of the arrested figures, who have fallen to a prey to their political purpose, are old men and women of seventies and eighties. [sentence as received] Among them is a parturient woman.

They have been brutally tortured and persecuted at cold cells so that they have become very weak.

But the South Korean authorities, instead of putting them under medical care, continue excruciating them, with the result that the old sick men and women have

often fallen in a faint and the pregnant woman gave a birth to a dead child.

Such an act is a political persecution and human rights abuse more cruel and more terrible than what had been committed in the period of the military dictatorship in South Korea.

They have imposed anti-ethnic suppression on them, who have devoted themselves to ending the tragic division of the country, calling them "offenders." This is a never-to-be-condoned crime of insulting justice and conscience and violating human rights and a grave challenge to the universal desire of humankind for justice and peace.

In protest against their illegal and inhuman atrocities the democratic organizations and conscientious people of South Korea have risen up in the anti-"government" struggle and conducted activities for the release of the arrested people.

We express the hope that political parties and organizations in all countries and international bodies which value justice and peace will bitterly denounce the South Korean authorities' antinational, antireunification moves and join in the efforts for an immediate release of South Korea's patriotic champions of reunification and for their free activities for national reunification.

**DPRK: Pomminnyon Leader Holds News Conference After Meeting***SK2802130496 Pyongyang KCNA in English  
1056 GMT 28 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA) — A press conference for home and foreign reporters took place held after an emergency meeting of the presidiums of the North and Overseas Headquarters of the National Alliance for the Country's Reunification (Pomminnyon) held here today to discuss measures for the release of South Korea's patriotic champions of reunification.

Yim Min-sik, secretary general of Pomminnyon and director of the secretariat of the overseas headquarters, spoke at the press conference.

He said:

The presidium members of the North and overseas sides had an emergency meeting in connection with the facts that the South side organization of Pomminnyon is under difficult conditions and grave obstacles have been laid to the reunification movement in South Korea. The South Korean authorities arrested 30 leading members of the South side headquarters of Pomminnyon including chairman Kang Hui-nam, and other champions of



reunification on the charge of the violation of the "National Security Law" and have persecuted them for a long time.

The traitor Kim Yong-sam arrested members of the South side headquarters of Pomminnyon en masse with the mobilization of the puppet "Agency for National Security Planning" and police, charging them with being "spies", he said. This is nothing but a political trick to evade the strong public demand for a thoroughgoing investigation into the slush fund scandal and the punishment of the chief culprits of the May 18 Kwangju bloodbath and prevent possible defeat in the "National Assembly election" slated for April.

The arrested people, undaunted by the persecution, are now protesting against their illegal arrest and South Korea's democratic forces are joining them, he said.

The "National Congress" of South Korea, with a view to invigorating the reunification movement under the present serious situation, had a meeting of the second-term deputies on January 25 and decided to hold a "grand seminar for national reunification" and other events for the country's reunification involving many compatriots in the North, South and overseas around August 15, the day of the country's liberation.

The recent meeting described the initiative of the "national congress" of South Korea as an active proposal for the people in the North, South and overseas to wage a more vigorous reunification movement in face of unheard-of suppression on the part of the South Korean authorities, and expressed support for it.

Recalling that the meeting decided to form a "joint committee of the North and overseas sides for the release of South side's patriotic champions of reunification", he informed the reporters of a resolution of the meeting.

The resolution says that the North and overseas sides will wage a nationwide movement to support the bloody struggle of the patriotic champions of reunification and expresses support for and firm solidarity with organisations of the national democratic movement and individuals of South Korea in their just struggle for the release of pro-reunification patriots.

The North and overseas sides, it notes, will expand the scope of international solidarity in various forms and ways for a worldwide struggle for the release of the patriotic champions of reunification.

It is said in the resolution that with a view to organising and waging a more sustained, rational and powerful struggle for the release of pro-reunification patriots of South Korea the North and overseas sides shall form a "joint committee of the North and overseas sides

for the release of South side's patriotic champions of reunification" (abridged name — joint committee).

The joint committee will be composed of 20 people, or ten each from the North and overseas, among them two co-chairmen and vice-chairmen, and an executive committee will be organised with 3 persons from each side.

The co-chairmen of the joint committee are So Mansul, vice-chairman of the overseas headquarters of Pomminnyon, and Yo Yon-Ku, vice-chairperson of the North side headquarters of Pomminnyon.

The joint committee shall begin its activities on March 1.

A letter to political parties and organizations of different countries and international organizations was introduced at the press conference.

#### **DPRK Colonel: Kim Chong-il Leadership Source of KPA Invincibility**

962C0026A *Pyongyang NODONG SINMUN*  
in Korean 8 Dec 95 p 2

[Article by Sr. Colonel Han Pyo of the Korean People's Army (KPA): "The Respected and Beloved Commander's Leadership Is the Primary Source of the KPA's Invincibility"]

[FBIS Translated Text] Today our KPA is showing its imposing appearance as a matchless, invincible army capable of defeating any powerful enemy and reliably defending the cause of socialism and the gains of the revolution. Never before in the glorious history of our revolutionary armed force extending 60 years or more did our people's army strengthen itself so much and demonstrate its awesome strength so powerfully as we see it today.

The invincible might of our KPA, prepared airtight in political-ideological and military-technological terms, has its fountainhead in the outstanding and seasoned leadership of the respected and beloved supreme commander Comrade Kim Chong-il.

The great leader [yongdoja] Comrade Kim Chong-il pointed out as follows: "Party leadership of the KPA is a basic guarantee of victory for the KPA."

A revolutionary army cannot be more fortunate than when it has a great leader, an outstanding helmsman, as its supreme commander and follow his leadership.

A revolutionary army is the leader's army created, strengthened, and developed by him. Success in building an army and in all military activities depends entirely on the supreme commander. No one can replace the



position and role of the supreme commander who presents a revolutionary thought and theory on building a revolutionary army and leads it to victory after victory. Only with a great leader as its supreme commander can the revolutionary army strengthen and develop itself constantly and fight any powerful enemy face to face until he is defeated.

Today, with the respected and beloved Comrade Kim Chong-il, a peerless outstanding general, as its supreme commander, the KPA is at the height of its development.

The respected and beloved Comrade Kim Chong-il is the greatest among all great men with the highest level of military and civilian leadership qualities, and he is an ever-victorious iron-willed commander. The matchless military acumen, the peerless mettle, the outstanding art of command, and the absolute faith in and the warm love for the soldiers—all these make up the ingredients of the respected and beloved supreme Comrade Kim Chong-il's distinguished natural disposition. The gifted military strategist who is clearly illuminating the road ahead for building our revolutionary army in accordance with his chuche-based military doctrine and theory on building an armed force is none other than the respected and beloved Comrade Kim Chong-il. The peerless outstanding commander who can break the spirit of the enemy at one stroke and win victory by leading the whole army with his matchless prowess and iron-will, not batting an eye even in the face of an enemy force 1 million strong, is also none other than our supreme commander [Comrade Kim Chong-il]. That is why in the invincible prowess and the mystic art of command the respected and beloved commander possesses, all our KPA officers and men find what makes them feel keenly in the depth of their hearts the good fortune of having the successive generations of outstanding commanders, supreme commanders, that is. They also firmly believe that they can always win because they have him as the supreme commander.

The leadership of the respected and beloved Comrade Kim Chong-il is a scientific leadership that enables the most correct solutions to all problems arising in building our army and in all military activities; a sagacious leadership that covers all aspects of building a revolutionary army, ranging from the command system of the KPA and to the methods of combat operation for individual soldiers; and an ever-victorious leadership which makes it possible to turn a disadvantageous condition to an advantageous one and defeat any formidable enemy under whatever adverse situation and circumstances.

The sagacity of the respected and beloved Comrade Kim Chong-il's leadership in strengthening and developing our KPA into an invincible revolutionary army lies,

above all, in that it enables the enhancement of the political and ideological strength of the KPA in every possible way.

Our KPA is the army of the party and the revolution, with its invincible might originating in its political and ideological superiority. The noble ideological and mental ethos based on loyalty to the party and the leader is our KPA's intrinsic superiority and the source of its invincible might. For the revolutionary army obligated to defend the cause of the revolution with arms, nothing is more important than to prepare all soldiers airtight in political and ideological terms.

From the day he began to lead our revolutionary army, the respected and beloved Comrade Kim Chong-il did his utmost to augment the political and ideological strength of the KPA in every possible way, with a firm grip on ideology as a basic requirement. The principle that the ideology of the masses of soldiers determines everything and that the power of the ideology should come into play in defeating the enemy is the chuche-based principle on building our armed force elucidated by the respected and beloved Comrade Kim Chong-il. Under the program of converting the whole army to the chuche ideology he himself set forth, the respected and beloved Comrade Kim Chong-il has judiciously led the way to bring about a new turnaround in the party's political indoctrination work designed to arm all officers and men of the KPA airtight with the revolutionary ideology of the party, namely, the chuche ideology.

The respected and beloved Comrade Kim Chong-il has clearly shown the party organizations in the military concrete ways and means for grasping indoctrination in the unitary ideology as the primary task and conducting ideological indoctrination work aggressively, in various formats and methods, in a manner suitable to the characteristics of military duties to be performed as well as the psychology of the masses of soldiers.

Under the wise leadership of the party, indoctrination in the principle of the chuche ideology, indoctrination in loyalty, indoctrination in party policies, indoctrination in class character, and indoctrination in socialist patriotism have been carried out among the soldiers more in depth and width; and the formats and methods of ideological indoctrination have improved radically. As a result, the whole army has become brimming with only one ideology, namely, the great chuche ideology, and every soldier has become prepared airtight as a true revolutionary fighter with a clear revolutionary view of the leader and standing ready to risk his life to protect and defend the party and the leader.

Today the ranks of the KPA are reverberating with the loud slogan "Let us become bullets and bombs to protect



the respected and beloved Comrade Kim Chong-il with our lives!" Whenever a solemn moment comes for a decisive battle, our KPA officers and men are ready to become fire-belching guns and exploding bombs to protect and defend the supreme commander and bring the fighting with the enemy to a decisive end—This is the consummate military spirit of our KPA officers and men who regard loyalty to the leader as their primary lives. With this revolutionary spirit, our KPA personnel are struggling, not hesitating to jump into fire and water, to fulfill their combat duties assigned by the respected and beloved supreme commander. There have emerged numerous gallant fighters and true loyal subjects like the one who protected the portrait of the respected and beloved commander from an exploding hand grenade by covering it with his body. This clearly illustrates the height the politicoideological ethos of our military has attained. It is because the whole army is overflowing with a consummate military spirit based on an absolute warship of their supreme commander that our KPA can demonstrate its strength as the army of the leader and the party to the fullest.

The sagacity of the respected and beloved Comrade Kim Chong-il's leadership in strengthening and developing our KPA into a one-a-match-for-100 revolutionary fighting force lies also in that it constantly helps to improve the military-technological strength of the KPA.

An army is a group that literally takes up arms to fight with the enemy. The noble mission of the KPA to protect the party and the leader and guarantee the fulfillment of the cause of socialism with arms can be accomplished brilliantly only when its military- technological as well as political-ideological strength is augmented. The military-technological preparedness of the soldiers is an important guarantee for the invincibility of the revolutionary army.

With a deep insight into the requirements for building a revolutionary army and for modern warfare, the respected and beloved Comrade Kim Chong-il early on devoted himself heart and soul to strengthening the combat capability of the KPA. Viewing combat training as a basic means for achieving military-technological preparedness, the respected and beloved Comrade Kim Chong-il has energetically led the KPA to conduct vigorous combat training among its personnel. The respected and beloved commander has led the KPA to carry out substantive training under a life-like combat condition, particularly by putting primary emphasis on having all soldiers learn our party's chuche-oriented military doctrine and chuche-based military strategy in depth, familiarize themselves fully with the operation of weapons and technological combat equipment, and acquire a full knowledge of modern military science

and technology. The number of the military theories and tactics the respected and beloved commander elucidated day in day out is too numerous to count, and the tens and thousands of ri he walked on his tours to give on-the-spot guidance to soldiers are too long to measure.

At the same time, the respected and beloved Comrade Kim Chong-il has energetically led the way in making the revolutionary ethos firmly dominate the whole army.

The respected and beloved Comrade Kim Chong-il saw to it that a vigorous ideological indoctrination work was carried out in the KPA to learn from the noble examples shown by the late anti-Japanese revolutionary fighters who gave full play to the indomitable revolutionary fighting spirit in the implementation of their revolutionary duties, from the thoroughgoing point of view that they did not even have a right to die before the orders of the great leader were carried out. He also saw to it that a strict discipline and order was established under which all problems in building our army and in military activities were reported and dealt with expeditiously as they arose. As a result, the most powerful and revolutionary military ethos has been established thoroughly in our KPA. The supreme commander's thoughts and intentions, and orders and instructions penetrate each company, each platoon, each squad, and each individual soldier quickly and accurately; the whole military moves as one under one and the same order; and the soldiers execute the respected and beloved Comrade Kim Chong-il's orders unconditionally and thoroughly, under the slogan "Whatever the party decides, we do!"—This is precisely the proud ethos of our army.

Every soldier is prepared airtight as a one-a-match-for-100 fighter equipped with both powerful offensive and defensive means; and a chuche-based command system and a revolutionary military ethos have taken firm hold in the whole army. That is why the combat strength of our KPA is great beyond comparison, and our territory, including the territorial waters and airspace, will remain impregnable forever.

The sagacity of the leadership of the respected and beloved supreme Comrade Kim Chong-il, who has been strengthening and developing the KPA into an invincible revolutionary armed force, finds its strong manifestation particularly in the enhancement of the fine traditional ethos of military-civilian unity.

The strength of the revolutionary army stems from the support and encouragement it receives from the people. An army which is one with the people, receiving their support and encouragement, can fight and defeat any strong enemy. This is the truth clearly proven by our experience in revolutionary warfare.



Military-civilian unity is the fine traditional ethos of our KPA which was forged upon the anvil of the anti-Japanese revolutionary struggle and which has been brought into full play with the development of our revolutionary army.

Today this noble fine ethos is bursting into full bloom in our KPA on an ever higher plain under the respected and beloved supreme commander. The respected and beloved Comrade Kim Chong-il deepened and developed the great leader's teaching—the teaching that just as a fish out of water cannot survive, a guerrilla lacking the support of the people cannot survive—into the idea of unity between the military and civilians, and made it a permanent guiding principle for our KPA. The leader [yongdoja] who valued beyond measure and appreciated highly the fine ethos of military-civilian unity as demonstrated by the KPA personnel and who saw to it that this ethos was popularized widely, was none other than the respected and beloved Comrade Kim Chong-il. The leader [yongdoja] who saw to it that the ethos of attaching importance to the military took firm hold in society so that the military and civilian sectors might be united completely, was also none other than our supreme commander [Comrade Kim Chong-il].

Owing to the seasoned leadership of the respected and beloved Comrade Kim Chong-il, our party's idea of military-civilian unity is bursting into full bloom as a reality. Our KPA personnel are sacrificing themselves to protect people's lives and property, not hesitating to jump into a roaring fire or raging water. The lofty spirit of sacrifice and the fighting ethos demonstrated by our KPA members during the flood in Sinuiju last summer powerfully illustrates that our KPA, which the respected and beloved supreme commander has raised, is a true people's army possessing the spirit of sacrificing oneself to serve the people. No wonder our people hold dear and love the warriors of the respected and beloved Commander Kim Chong-il just as they do their own brothers and sisters, and actively support them from the bottom of their hearts. The blood tie that was forged between our people and army who have been inseparably united as one by the hands of the great commander is being strengthened airtight, and the fighting spirit and the might of our KPA are growing stronger with each passing day.

Our KPA will continue to faithfully uphold the respected and beloved supreme commander Comrade Kim Chong-il's leadership to the end, and on this sacred road, fulfill the cause of national reunification as well the revolutionary cause of chuche without fail.

**DPRK: VNS Touts New Book on Kim Chong-il as 'Political Veteran'**

*SK2802125496 Pyongyang KCNA in English  
1022 GMT 28 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA) — A book "The Sun of the Political World" has been recently published in South Korea, winning popularity among the readers, the Seoul-based Radio Voice of National Salvation reported.

Carried in this book edited by the society of popular politics are three small treatises written in nickname by veteran professors of politics in South Korea.

The author of a small treatise "Leader Kim Chong-il, Political Veteran in His Fifties" (part of political career) is Choe Min-pong.

In the treatise, the author said that the Korean nation have acclaimed as their leader Kim Chong-il, another elder of the world politics who has the longest political career in the contemporary political history, following President Kim Il-song, a great veteran of the political world.

Kim Chong-il is an elder in the political world who has the longest career of administering state affairs, the author added.

He further said:

The recent 30-odd-year politics in the North, which has brilliantly adorned the political history of the 20th century, was not only politics of President Kim Il-song but also that of the leader Kim Chong-il.

Kim Chong-il, together with the president, discussed and worked out political lines and policies, directed the struggle to put them into practice and took part in politics for the people.

The politics of Kim Chong-il is recorded with amazing achievements any great men in the world history could not make.

Early in his teens, he formed an ideology study circle and embarked upon the road of socio-political activities. In his twenties, he became a distinguished great man with military and literary accomplishments and was praised as "the dear leader."

Early in his thirties, he was elected successor to President Kim Il-song at the 8th Plenary Session of the 5th Central Committee of the Workers' Party of Korea in February 1974 in accordance with the desire of the people to hold him in high esteem as such.

The historic February declaration on modelling the whole society on Kimilsongism, made by the leader



Kim Chong-il after his election as the successor, was his first political programme.

General Kim Chong-il was elected supreme commander of the army when he was 49 years old. At the age of 50, he received the title of marshal and secured peace for the world when he was 51 years old.

He is the general who frustrated the blockade of the strongest enemy in the world, who defeated the most reactionary offensive of the imperialist allied forces and who victoriously led the most dangerous confrontation over the nuclear issue.

Indeed, he is the greatest political elder of the world without an equal both in political career and government.

**DPRK: Kim Il-song Agricultural School in Havana Holds Graduation**

*SK2402035796 Pyongyang KCNA in English*  
*0251 GMT 24 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA) — The second-term graduation ceremony of Kim Il-song Agricultural Special School was held on Feb. 17 in Cuba.

The ceremony was attended by party and administrative officials of Guira de Melana district, Havana City, the secretary general of the Cuban Committee for Supporting Korea's Reunification and the rector of the school together with students.

The Korean ambassador and embassy officials were invited to the ceremony.

A ceremony for laying a floral basket before the portrait of the great leader President Kim Il-song was held, followed by speeches.

The Guira de Melana agricultural special school was named Kim Il-song Agricultural Special School in November 1994.

**DPRK: GFTUK Propaganda Workers Discuss Tasks at National Meeting**

*SK2402083196 Pyongyang KCNA in English*  
*0821 GMT 24 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 24 (KCNA) — A national meeting of propaganda workers of the General Federation of Trade Unions of Korea [GFTUK] was held here on Feb. 23.

The meeting discussed the tasks of the GFTUK propaganda workers to contribute to firmly cementing the socialist politico-ideological position as an invincible fortress, holding high the red flag, united in one mind around the great leader Comrade Kim Chong-il by im-

proving and intensifying the propaganda and political work as intended by the party.

The meeting laid stress on consistently pushing ahead with the ideological work to further consolidate the singlehearted unity of all the federation with the respected General Kim Chong-il as the centre, bearing deep in mind the behest of the great leader Comrade Kim Il-song on closely uniting around the great Comrade Kim Chong-il.

A letter of pledge to Comrade Kim Chong-il was adopted at the meeting.

Secretary of the Workers' Party of Korea Central Committee Kim Chung-nin was present at the meeting.

**DPRK: Religious Leaders Support 'Peace, National Unity' in 1996**

*SK2802125396 Pyongyang KCNA in English*  
*1028 GMT 28 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA) — Spokesmen for religious organisations in the Democratic People's Republic of Korea released statements on February 27 in support of the initiative made by a joint meeting of the political parties and organisations in the DPRK to make 1996 "a year of peace and great national unity" calling for conducting a nationwide solidarity struggle to carry it into practice.

The spokesman for the Central Committee of the Korean Christian Federation said that the initiative of the joint meeting is a timely and just one which fully reflects the requirements of the present situation in which the reckless war provocation moves against the North have been intensified as never before in South Korea and the desire of all the fellow countrymen for national reconciliation and reunification.

The spokesman for the Central Committee of the Korean Roman Catholics Association called upon all the Koreans and Roman Catholics in the North, the South and overseas to take an active part in the struggle for the repeal of the "National Security Law", a hurdle in the way of peace, reconciliation and reunification, and other fascist laws in South Korea and liquidation of the fascist repressive machines including the "Agency for National Security Planning."

The spokesman for the Central Committee of the Korean Buddhist Federation called upon all the Buddhists and individuals in South Korea and overseas who are anxious about the destiny of the nation to frustrate the war provocation moves of the traitor Kim Yong-sam with concerted efforts and turn out as one in the patriotic struggle to make 1996 "a year of peace and great national unity."



**DPRK: Students Hailed for Contribution to Development of S&T***SK2802125596 Pyongyang KCNA in English  
1034 GMT 28 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 28 (KCNA) — Revolutionary enthusiasm for prospering the motherland by dint of science and technology has been running higher among students of Korea.

Through a vigorous movement for "student scientific research prize," about 2,200 winners from among students throughout the country were registered over the past five years, who contributed to making the national economy chuche-oriented, modern and scientific.

Famous inventors and candidate associate doctors have been emerging one after another.

Last year alone, many classes were listed as the class of candidate associate doctors at Kim Il-song University, Pyongyang University of Medicine, Chongsong University, Songdowon University and others.

Several hundred items of inventions were presented, which are conducive to automation and robotization of production processes in various divisions of the national economy and improvement of people's living standard.

Many students at the University of Science, Pyongyang University of Railways, University of Coal Mining and the Hydro-Power University have presented lots of theses helpful to computerization and robotization of production processes in various sectors of the national economy, thus becoming the winners of the "Student Scientific Research Prize" for their contributions to development of the nation's science and technology.

**DPRK: 'Dialogue' on Proposal for Establishing Peace Mechanism***SK2902033896 Pyongyang Korean Central  
Broadcasting Network in Korean  
0855 GMT 28 Feb 96*

[Dialogue by station reporters Chong Song-kang and Yi In-chun: "A Reasonable Proposal for Establishing a Peace Mechanism on the Korean Peninsula"]

[FBIS Translated Text] [Yi In-chun] How are you?

[Chong Song-kang] How are you?

[Yi] On 22 February, the DPRK Government put forward a new proposal to ease tension on the Korean peninsula and to move toward peace. I hope that we can talk about this matter during this time.

[Chong] Yes, let us do so. As you know, two years ago, our Republic's government put forward a proposal on establishing a new peace mechanism in place of the

old armistice system, did it not? The proposal which we put forward at that time came out of a sincere desire to provide a new security-guarantee mechanism and furthermore achieve peace and security in Northeast Asian following the end of the Cold War by considering the state of the current armistice system which has failed to play a role in securing situation on the Korean peninsula and in preventing an arms buildup and the danger of war.

After we put forward the proposal, in order to promote conditions for establishing a new solid peace mechanism, we have so far exerted consistent and sincere efforts; we repeatedly demonstrated good faith and patience, and made a series of practical measures. These efforts by us have won support and sympathy from the international society, have they not?

[Yi] Yes, that's correct. However, the United States, which has direct responsibility for ensuring peace on the Korean peninsula, has not positively responded to our reasonable proposal even after the DPRK-U.S. Agreed Framework was adopted. Rather it has unchangingly adhered to the policy of strength. They even continued military threats at us, did they not?

[Chong] Yes, they did.

[Yi] Currently, the United States is introducing on a large scale the latest weapons and operational equipment into South Korea, and staging war exercises every day in the sky, on the ground, and in the sea along the Military Demarcation Line [MDL] to overpower our Republic at a blow.

[Chong] Yes, that is correct. The United States are all the more undisguisedly making moves to establish a tripartite military alliance with Japan and the South Korean puppets, and repeatedly staging U.S.-South Korea and U.S.-Japan joint military exercises under the pretext of the so-called threats from the North. By doing so, it is trying in earnest to again carry out its Cold War policy on the Korean peninsula and in its vicinity.

Taking advantage of the U.S. policy of oppressing the DPRK, again this year the South Korean puppets mapped out a plan to conduct various war exercises on an unprecedented scale in place of the Team Spirit joint military exercise. And at the outset of the New Year, they had already entered the stage of implementing the plan on a full scale, have they not? Therefore, we can say that tension on the Korean peninsula, in which today's worldwide [word indistinct] has become one due to this, is being further aggravated, and a sense of urgency about the breaking out of a war is continuously looming.



[Yi] Yes, that is correct. I believe that under the current situation, our country's armistice situation is being maintained narrowly and peace is guaranteed mainly because of our Republic's patient peace-loving policy and self-restraint. Regarding the actual situation on the Korean peninsula, which is running counter to the trend of the times, which is moving toward detente and peace, the United States, which has real power in South Korea in dealing with security affairs, must cool-headedly determine the development of the situation. It is clear to anyone at present that the current armistice system, which was established 43 years ago, cannot fulfill its mission of maintaining security on the Korean peninsula.

[Chong] It is a stark reality that all issues related to peace and security on the Korean peninsula, including the DPRK-U.S. agreement to resolve the nuclear issue, can be resolved only by us and the United States, is it not? As the practical parties of the armistice agreement, the DPRK and the United States of America [mihapchunguk] must prevent a recurrence of war on the Korean peninsula and have the lofty responsibility to achieve overall peace and security in the Asia-Pacific region. Therefore, in order to provide a complete, comprehensive, and durable mechanism to guarantee peace on the Korean peninsula, we are consistently claiming that a peace agreement must be concluded between the DPRK and the United States.

[Yi] However, considering the U.S. policy toward Korea and the level of the current DPRK-U.S. relations, we recognize that a minimum institutional mechanism to deter armed conflict and war on the Korean peninsula must be provided quickly. Therefore, the DPRK Government put forward three proposals on 22 February to establish a new peace mechanism, did it not?

[Chong] Yes, it did. First, a tentative agreement must be concluded between the DPRK and the United States to deter armed conflict and the danger of war on the Korean peninsula and to maintain the armistice state in a peaceful way. The tentative agreement shall include the management of the MDL and the DMZ; ways to resolve arms conflict and accidents; the composition, duties, and authority of a joint military body; amendment and supplementing of the tentative agreement; and other matters for the maintenance of security. The tentative agreement shall take the place of the Armistice Agreement until a complete peace agreement is concluded.

[Yi] Yes, that is correct. The second proposal which we put forward is that a DPRK-U.S. joint military body should be organized and operated in Panmunjom in place of the Military Armistice Commission to implement and supervise the tentative agreement. The

third proposal is to hold negotiations at a pertinent level to discuss matters concerning endorsement of the tentative agreement and organization of the DPRK-U.S. joint military body.

[Chong] An agreement on nonaggression has already been concluded between North and South Korea and even the North-South joint military body has been established. If our concrete proposal is realized under this circumstances, an epoch-making situation for easing tension on the Korean peninsula and achieving peace there will emerge. Also, the foundation for achieving reunification through a confederal system will be laid. We can say that this proposal of ours is a reasonable proposal that fully accords with the interests of not only the parties concerned of the Korean Armistice Agreement, but also all other countries related to the agreement. The United States must positively respond to this proposal, which reflects our generosity and peace-loving position.

[Yi] Yes, that is right. We will finish our talk now.

#### **DPRK Treatise on Values of Increased Production, Conservation**

*SK2902022196 Pyongyang NODONG SINMUN  
in Korean 26 Jan 96 p 3*

[Article by Dr. Choe Chun-taek: "Production and Conservation Are an Important Guarantee for Firmly Strengthening the Economic Foundation of Socialism"]

[FBIS Translated Text] Today, our party and the people are vigorously accelerating the general onward movement to powerfully display the spirit of socialist Korea by singleheartedly uniting around the great leader [yongdoja] Kim Chong-il under the uplifted red banner of the revolution. What is important in firmly cementing the economic foundation of socialism and further enriching our country, our fatherland, by upholding the party's intention is thoroughly implementing the party's slogan on increasing production and economy to the fullest as in the days of the great Chollima upsurge.

The great leader [yongdoja] Comrade Kim Chong-il has taught: "Vigorously waging the struggle for increased production and economy at present stage is an important condition for further developing the country's economy."

Strengthening the struggle for increased production and economy is a consistent policy of our party. Precisely reflected in here are the intrinsic demand of the socialist economy; the realistic demand of our country's economic development; and our people's aspiration.

In essence, the struggle for increased production and economy is a work to achieve greater economic results



with little expenditure by unreservedly mobilizing inner reserves and effectively using the sources for production that have already been prepared. When we vigorously wage the struggle for increased production and economy, we can produce and build all the more with small investments, thereby increasing accumulation and consumption at the same time and further promoting the people's standard of living.

An important key to thoroughly implementing the party's revolutionary economic strategy by upholding the behests of the great leader [suryong] is vigorously waging the struggle to mobilize the reserves for production and conservation to the maximum at all units and all sectors of the national economy.

Under the conditions in which the imperialists and reactionaries persistently carry out political and military suppression and economic embargo, we should all the more raise the flame of the struggle for increased production and economy. Thereby, we should bring about a revolutionary turn in the development of foreign trade, light industry, and agriculture in conformity with the party's revolutionary economic strategy, should further strengthen the chuche character and independence of the national economy, and promote the people's material and cultural life. Maximizing production and economy is indeed an important guarantee to further strengthen the economic foundation of socialism.

Mobilizing the reserves of production and conservation is an important guarantee to firmly consolidate the economic foundation of socialism, because it accelerates the production by effectively using the existing economic foundation.

Under the wise leadership of the party, our people have highly displayed the revolutionary spirit of self-reliance and fortitude by resolutely repelling the imperialists' maneuvers to provoke a new war. In doing so, we have solidly cemented the foundation of independent national economy by building a number of modern heavy and light industrial plants across the country. If we effectively use the foundation of powerful independent economy and production potentials, we can increase the production at a high speed and briskly push ahead with the economic construction.

The mobilization of the reserves for production and conservation strengthens the socialist economic foundation not through the large-scale expansion of production facilities, but through the effective use of the existing economic foundation, which has been integrated in conformity with the party's revolutionary economic strategy. When the struggle to mobilize the reserves for production and conservation is vigorously waged, all the units and all the sectors of the national economy can econ-

omize on the resources of production as much as possible. In addition, we can produce better with existing economic assets by doing away with waste and hoarding of raw materials, fuel, and resources and equipment.

Effectively using the resources of production, such as raw materials, fuel, power resources, and equipment and materials, is tantamount to producing to that extent. Therefore, when we seek out more reserves for production resources by vigorously waging the struggle of production and conservation, we can additionally ensure the demand of the requisites for production that increases in conformity with the expansion of the scale of production. In addition, we can smoothly proceed with production without additional state expenditure and can overcome fluctuations that can occur in storing up raw materials, fuel, resources, and funds.

The struggle of production and conservation also demands that we properly carry out organization and guidance over the activities of production and control. When all the plants, complexes, and other units of the national economy wage active struggles to produce more with small investments, they will be able to properly carry out the management of facility, material, man power, and finance in addition to the rationalization of enterprise management by reckoning costs and earnings. The more we vigorously wage the struggle to tap the reserves of production and conservation, the more we can highly increase production with small investments by doing away with waste of social labor and production resources and firmly carry out the regularization and standardization of enterprise management.

Tapping the reserves for production and conservation is a firm guarantee that firmly cements the economic foundation of socialism because it also successfully stores the resources of investments necessary for strengthening the economic foundation.

Investments are always the prerequisite to strengthening the economic foundation of socialism. In order to further strengthen the independence and chuche character of the economy by concentrating our efforts on agriculture, light industry, and the production of export goods, by giving priority to coal industry, power industry, and railway industry, and by continuously developing metal industry in accordance with the party's strategic intentions, the investments necessary for these sectors should be guaranteed. Such additional resources for investments can be laid up with the endless expansion of inner accumulation. When we unremittently expand the accumulation by increasing the national income, we can easily ensure socialist extended reproduction that increases rapidly; strengthen the independent economic



foundation; and plentifully lay up the conditions for improving the people's standard of living.

With the additional increase of production and endless reduction of costs, the mobilization of the reserves for production and conservation is an effective way to prepare the additional reserves for investment by further increasing the inner accumulation in a speedy manner.

If the struggle for production and conservation is vigorously carried out in all sectors and all units of the people's economy, labor productivity will be enhanced; production costs will be lowered; and national income which is the source of accumulation of society's net profit in particular, can be increased quickly. In general, accumulation is increased in accordance with how much the scale of society's gross output is increased, but if consumption of the means of production is reduced even under a regular condition, the scale of society's total output will be increased relatively that much.

The process of carrying out the struggle for production and conservation at the plants and enterprises is the process of reducing the consumption level of raw materials, fuel, and materials, and operating production facilities at full capacity. Therefore, if the struggle for production and conservation is carried out vigorously, the volume of consumption of the means of production per unit of product will be reduced, and therefore, the cost price can be reduced and society's net profit can be increased. This will make it possible to increase consumption systematically and at the same time increase accumulation for expanding production.

When strengthening the struggle for production and conservation, the country's economic basis can be firmly consolidated and its superiority and potentiality can be all the more highly manifested. This is the truth which is proven by the practice of our socialist economic construction.

Under the wise leadership of the party and leader [suryong], our people are vigorously carrying out the struggle for production and conservation. By doing so, they are successfully accomplishing the enormous tasks in socialist economic construction at every period and every stage.

Even during the difficult period when only ashes remained and everything was in ruins after the war, our people highly upheld the party's appeal to produce and conserve to the utmost, and amid the great upsurge of socialist construction and march of the Chollima movement, they brilliantly completed the historic task of socialist industrialization in just a short period of 14 years. The more intensified socialist construction became, the struggle to explore and mobilize reserves for production

and conservation was more actively carried out and defense construction was also accelerated. Also, economic construction grew endlessly at a high speed, thus firmly consolidating the basis for socialist self-supporting national economy. Reality clearly proves that strengthening the struggle for production and conservation firmly consolidates our socialist economic camp and that it is an important method for wholly manifesting its might.

The task we are faced with today is enormous, and the prevailing situation demands more than ever that we vigorously carry out the struggle for production and conservation and all the more assiduously and tenaciously carry out the country's economic life.

Just like during the Chollima great upsurge period, all sectors of the people's economy must highly uphold the slogan of producing and conserving to the utmost and actively mobilize inner reserves to accelerate production, and must economize to the maximum even a drop of fuel, a handful of coal, a watt of electricity, or a kernel of grain. Here lies the true road of building an abundant socialist fatherland on our own strength.

All the party members and workers must vigorously carry out the struggle for production and conservation of the whole masses with the high awareness that they are the master of revolution and master of the country in accordance with the party's intention. This is to firmly consolidate our socialist economic camp, and actively contribute to accelerating the prosperity and grandeur of my country and my fatherland.

#### **DPRK: Status of Disabled Fishing Boat, Crew Rescued by Japanese**

*SK2902090396 Pyongyang KCNA in English  
0823 GMT 29 Feb 96*

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — The newspaper CHOSON SINBO February 26 dealt with the fishing boat "J-so 6052" of the Democratic People's Republic of Korea, which drifted to Japan.

According to the newspaper, four crew of the boat left Najin port at the end of last year. Engaging in fishing, the boat had a serious engine trouble from high waves on January 2 and, from then on, it was adrift on the East Sea of Korea for 50 days. It was rescued on the sea 33 kilometres from Echizen, Fukui Prefecture, Japan, on February 20.

Before being rescued, the crew kept themselves alive with drinking water they had brought from the port and fish they had caught, drifting out to the open sea at the mercy of waves.



Around Feb 10 they finished the drinking water and fish so that they fell into dehydration. However, the master of the boat, Pak Song-il, and other crew endured with the belief that the respected General Kim Chong-il would be finding their whereabouts, so they should go to him alive. On the boat they wished him a happy birthday, February 16, from the bottom of their heart.

They let the Tsuruga Maritime Safety Bureau know that they wanted to go back to the DPRK because they are DPRK citizens. The Central Committee of the DPRK Red Cross Society sent a fax telegram to the Japan's Red Cross on Feb. 21, notifying it that the rescued boat is one of the DPRK and asking the Japanese authorities to render every possible form of assistance to them. And the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) has been mandated to represent the DPRK.

The Tsuruga Maritime Safety Bureau made public the willingness of the crew to go back to the DPRK.

The Chongnyon Central Standing Committee immediately formed a committee for aiding the crew and sent officials to them. And Chongnyon officials and other compatriots called on the crew at hospital and inspired them with compatriotic feelings. Telegrams, letters and relief money have been sent to them from throughout Japan.

In a statement Pak Song-il said they could escape death because they believed in the respected General Kim Chong-il.

### South Korea

#### ROK Defense Officials on U.S. Role in Kwangju Incident

SK2902070596 Seoul CHUNGANG ILBO in Korean  
29 Feb 96 p 4

[FBIS Translated Excerpt] While trials are under way on rebellion charges of former Presidents Chon Tu-Hwan and No Tae-u in Seoul, the U.S. Government's involvement in the 18 May Kwangju incident is in dispute again in the United States. [passage omitted on the JOURNAL OF COMMERCE report, U.S. State Department's official comment, and former Ambassador Gleysteen's interview with YONHAP]

An ROK Defense Ministry official commented: "The United States could not recognize the new military elites when the 12 December incident took place, but by the time of the 18 May incident, the United States could not but recognize the new military leaders because they already came into power."

Another official said: "The 20th Division was a reserve unit of the ROK Army. The division was not under the

control of the ROK-U.S. Combined Forces. Therefore, the United States had no room in the suppression in Kwangju. Thus, it had no choice but to give a tacit approval." [passage omitted on the review of the U.S. State Department white paper on the Kwangju incident issued in June 1989]

#### ROK: Columnist Provides 'Another Angle' on U.S. Role in Kwangju

SK2902063896 Seoul CHOSON ILBO in Korean  
29 Feb 96 p 2

["Reporter's Note" column by Kim Chang-kyun in Washington: "Kwangju and the United States" ]

[FBIS Translated Text] On 9 May, 1980, when "the spring of Seoul" was dashing toward its peak, then U.S. Ambassador to the ROK Gleysteen met with Major General Chon Tu-hwan, the real power behind the ROK military. The U.S. State Department later gave the following explanation regarding the meeting in a statement submitted to the ROK National Assembly in 1989:

"Ambassador Gleysteen expressed the U.S. opinion that in order to achieve stability in the ROK, it was necessary for the people to feel that the country was progressing toward political liberalization in an orderly manner." According to the statement, the Carter administration's foreign policies which were characteristically humanitarian, sternly scolded the ROK military's theory about stability, saying: "There is no stability without democratization."

However, the recent disclosure of a U.S. State Department document presents a different picture. After the meeting with General Chon, Ambassador Gleysteen sent a cable to the State Department, stating that he "will not oppose the ROK Government's emergency plan to use force to recover security," and that "Chon may have sensed my assent."

Commenting on the JOURNAL OF COMMERCE report on 27 February, the State Department stated: "Everything concerning the Kwangju incident was verified in the 1989 statement. Nothing has changed." The State Department holds that the statement in question is full of hints that the United States incessantly warned the military leaders, with a view to the ROK's political liberalization. In fact, at about the time of the Kwangju incident, the U.S. Government repeatedly issued statements strongly denouncing the ROK military leader's use of force in suppressing the democratization movement.

However, the record of secret communications between the U.S. Government officials reveals another angle to



the U.S. reaction to the Kwangju incident. Ambassador Gleysteen met with then ROK Foreign Minister and said: "The U.S. Forces are prepared to help the ROK recover law and order in Kwangju, but this should be kept secret." The secretary of defense, the secretary of state, and other U.S. Administration officials had a meeting at the White House and ratified the ROK military's plan to recapture Kwangju. They concluded: "The United States in the short term, supports the ROK military, and in the long term, supports the political liberalization of the ROK."

It is difficult to refute the argument that "nothing precedes the issue of stability on the Korean peninsula in a situation where there a million troops deployed in confrontation along the demarcation line." However, the U.S. Government had a similar view with the ROK military, and even though it did not favor the ROK military's plan for armed suppression outright, it did not oppose the plan either. We cannot but question whether there were, in fact, no grounds for the allegation that "the United States backed the Kwangju tragedy."

**ROK: NCDNU Members Protest U.S. 'Collusion' in Kwangju Incident**

*SK2902091696 Seoul KBS-1 Radio Network  
in Korean 0800 GMT 29 Feb 96*

[FBIS Translated Text] Today a group from the National Coalition for Democracy and National Unification [NCDNU] gathered in front of the U.S. Embassy in the ROK, and attempted to make a call on the embassy to protest U.S. collusion [kongmo] in the armed repression of the 18 May incident in 1980.

In a letter of protest, the participants strongly demanded that the United States make an official apology for what was revealed in the U.S. State Department document concerning the consent [sungin] given to the armed repression of the 18 May incident, that the United States comprehensively revise the ROK-U.S. Status of Forces Agreement, and that the United States transfer the military operational rights, including the wartime operational command, to the ROK.

Since the U.S. Embassy refused to receive the letter of protest, the NCDNU plans to send it later through the mail.

**ROK: Kwangju Council 'Shocked' at U.S. Approval of Suppression**

*SK2902102696 Seoul YONHAP in English  
1014 GMT 29 Feb 96*

[FBIS Transcribed Text] Kwangju, Feb. 29 (YONHAP) — The Kwangju Council on Thursday afternoon said it was shocked and enraged at learning that the United

States in advance approved the suppression of Kwangju demonstrators by military troops in 1980.

In a statement, the council said the advance approval by Washington of troops deployment in Kwangju had led to "horrible killings."

"The U.S.'s advance approval was an act of betrayal to the people of Korea, an act that deserves worldwide condemnation," it said.

The statement was released after foreign press reports showed that a recently declassified top secret U.S. document showed that an ad hoc team of U.S. officials approved a plan of Chon Tu-hwan and other newly emerging military leaders to throw Army troops into Kwangju to suppress demonstrators there.

"The document indicates that Washington has falsely denied their role in the Kwangju incident despite the truth that the U.S. directly and indirectly stepped in the act of usurping power by Chon Tu-hwan and his colleagues," it said.

The council demanded that the United States concede the U.S. statement forwarded to the Korean National Assembly in June 1989 with regard to the Kwangju incident was false, and disclose details of discussions made by the U.S. ad hoc team.

**ROK: Former U.S. Commander Interviewed on Kwangju Incident**

*SK2902105096 Seoul YONHAP in English  
0742 GMT 29 Feb 96*

[FBIS Transcribed Text] Washington, Feb. 29 (YONHAP) — A former U.S. military commander in South Korea has admitted consenting to the deployment of the 20th Republic of Korea (ROK) Army Division which suppressed the pro-democracy demonstrators in Kwangju in May 1980, when asked about U.S. involvement in the 1980 Kwangju incident.

In a telephone interview with YONHAP news agency Wednesday, retired Gen. John Wickham, former commander of the ROK-U.S. Combined Forces Command added, however, that his consent was in response to a legitimate request by the ROK Army.

At the time, the ROK army chief of staff and his staff officers visited the ROK-U.S. Combined Forces Command and asked for his consent to move the 20th Army Division to Kwangju for a riot control exercise, and he approved the request on the condition that the division would leave its heavy artillery behind, the general explained.

As commander of the Combined Forces Command, he was responsible for defending South Korea from outside



attacks and had nothing to do with maintaining law and order, he said, and added that he had no choice but to approve the ROK Army's lawful request.

When asked if the ROK Army officers had briefed him on how the 20th Army Division would be used in Kwangju, after pausing Wickham said "no."

In those days, he met with former ROK Joint Chiefs of Staff Chairman Gen. Lew Byong-hyon almost every day to discuss the ROK Army's emergency plans for controlling the Kwangju upheaval, he said, and added that he had emphasized the need for the ROK Army to "use maximum restraint and to minimize casualties and damage."

Before the Kwangju demonstrations, there had already been public turmoil in Seoul and Masan, which the so-called December 12 military group decided required that some of the Army's special forces units be deployed to these cities, he said.

The general stressed that the important thing was that the ROK Government could deploy these special forces for its domestic security without advising the U.S. Government and without its approval, because the special troops were outside of the ROK-U.S. Combined Forces Command's operational control.

He said he had received some information through U.S. intelligence sources about the ROK Army December 12 group's plan to use special forces troops, and that he and former U.S. Ambassador William Gleysteen were very surprised to discover that ROK Army special troops were already in Kwangju in the early stages of the incident, before they had received permission to mobilize the 20th Division.

#### **ROK: U.S. Embassy Said Maintaining Contact With Union Leaders**

*SK2902034796 Seoul THE KOREA TIMES in English  
29 Feb 96 p 3*

[Report by staff reporter Kim Yong-pom]

[FBIS Transcribed Text] The United States Embassy in Seoul is reportedly watching the political movement of a progressive labor group here by holding contacts with union leaders, according to sources at Minju Nochong, or the Korean Council of Trade Unions (KCTU), yesterday.

The embassy has also allegedly shown interest in whether the Korean unions want international pressure to be placed on the government to revise the "conservative" labor laws, which prevent labor unions from engaging in political activity, the sources said.

To that question, a leading member of the KCTU answered to the effect that that [as published] it wants no international interference in Korean labor affairs, the sources said.

In the contact with two union leaders last December, a labor attache at American Embassy also asked whom the KCTU will support in the next presidential election and whether the progressive labor group will field its own candidate, according to them.

In another informal meeting with the KCTU leadership, the embassy official sounded it out on the possibility of its political engagement despite the legal ban here, according to the KCTU sources.

However, Yi Yong-pom, spokesman for the KCTU, denied that there had been such discussions in the meeting of the KCTU leadership and the embassy.

Embassy officials also refused to confirm a meeting had taken place.

The KCTU spokesman, however, said that labor and human rights issues have been the usual topics of previous informal contacts between the labor group and the embassy officials.

Minju Nochong, created last November by progressive labor unions across the nation, still remains without legal recognition, and its inaugural chairman Kwon Yong-kil is now being held in connection with his alleged violation of the labor laws.

The embassy move is viewed as being the result of requests by Human Rights Watch to President Clinton to pressure the Korean government over labor issues, according to leading members of the KCTU.

They added that the overtures by the embassy might have been made to assess the political color of the KCTU.

The nation's second largest labor alliance declared its political engagement in its founding statement, challenging government labor policies which ban political activity by unions.

#### **ROK: DPRK Remains 'Silent' on ROK-Japan Tokto Island Issue**

*SK2902073296 Seoul YONHAP in English  
0652 GMT 29 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 29 (YONHAP) — North Korea, reporting Wednesday on Japan's recent movement to declare a 200-nautical-mile Exclusive Economic Zone (EEZ), said that territorial disputes between Japan, Russia, and China may deepen, but kept mum about the disputed Tokto issue.



The report by the North Korean Central Broadcasting station, which was monitored by South Korea's NAE-WOE press, the official observer of North Korea, said that Japan's contemplated EEZ includes the southern Kuril Islands which have also been claimed by Russia.

The radio said that the spokesman for the Russian Foreign Ministry expressed immediate surprise and regret over Tokyo's decision, and the Russian press denounced the move as one that would reignite the territorial dispute between the two countries.

Since Japan's projected EEZ also includes the Senkaku Islands in the East China Sea, it seems likely that yet another territorial dispute may surface, the report said.

The fact that Pyongyang has remained silent over the Tokto issue in the past few weeks is quite unusual in the light of its previous attitude toward Tokyo, which may be an indication that it wants to improve relations with Japan, analysts said.

#### ROK: Interim Assessment of DPRK Trade in 2d Half of 1995

SK2802133196 Seoul WEEKLY NORTH KOREAN TRENDS No. 268 in Korean 26 Feb 96

[FBIS Translated Text] An Interim Assessment of North Korean Trade in the Second Half of 1995 [headline]

#### Synopsis

North Korea's trade with Japan increased in the second half of 1995, while its trade with China, Russia, and other major trading partners decreased. Overall, the volume of trade remained the same as for the same period in 1994.

An interim estimate of the volume of North Korea's trade during the second half of last year stands at \$1.13 billion (\$340 million in exports and \$790 million in imports).

An interim estimate of the volume of North Korea's external trade during the second half of 1995

	Total	Unit: \$100 million	
		Exports	Imports
China	2.8 (2.9)	0.3 (0.8)	2.5 (2.0)
Japan	3.5 (3.1)	2.0 (2.1)	1.5 (1.0)
Russia	0.3 (0.8)	0.0 (0.3)	0.3 (0.5)
Others	4.7 (4.5)	1.1 (1.6)	3.6 (2.9)
Total	11.3 (11.3)	3.4 (4.8)	7.9 (6.4)

Note: figures inside parentheses indicate the volume of trade during the same period of 1994

#### Status of Trade With Major Trading Partners

China: The volume of North Korea's trade with China for the second half of 1995 was \$280 million, slightly smaller than that for the same period of time in 1994.

Its exports to China were estimated at \$29 million, a 34.7 percent decrease.

Its imports from China were estimated at \$250 million, a 22.1 percent increase.

Its exports drastically decreased, while its imports greatly increased. As a result, the trade deficit increased.

During this period, the deficit in its trade with China was recorded at \$219.61 million, an 80-percent increase compared to the deficit during the same period of 1994, \$120.07 million.

North Korea's major export items to China during this period were iron, fish, ores, fertilizers, and wood products. However, the volume of trade for these products, except for iron, decreased compared to the same period in 1994.

Iron exports, which comprise the largest percentage of exports, greatly increased due to the increased demand caused by the construction boom in China.

North Korean imports of textile machinery and electric machinery greatly increased. Overall, imports increased by 22.1 percent.

Despite North Korea's serious grain shortages, its grain imports decreased to \$570,000, from \$14.83 million during the same period in 1994. This is due to North Korea's foreign exchange problem and China's July 1995 ban on grain exports caused by its poor crop.

North Korean imports of oil, coke, and other fuels increased to \$110 million, up from \$80 million for the same period of 1994.

The increase was caused by price increases; the quantity did not increase much.

Japan: An interim estimate of North Korean trade with Japan stands at around \$350 million, up 12.9 percent from the same period in 1994.

North Korean Exports to Japan are estimated at around \$200 million, up 4.8 percent. And, North Korean imports from Japan are estimated at \$150 million, up 50.0 percent.

The great increase in North Korean imports from Japan significantly reduced its trade surplus.



The trade deficit was reduced to \$50 million, down from \$110 million for the same period in 1994.

North Korea's major export items include textile goods, mushrooms, and iron and zinc bars.

North Korea's major import items include raw materials for the textile industry, machines, electric appliances, transportation equipment, plastic, and rubber.

Russia: During the January-June 1995 period, the volume of North Korea-Russia trade stood at \$33 million, down 41.1 percent from the same period in 1994.

North Korean exports to Russia stood at \$1.5 million, down 72.7 percent from the same period in 1994.

North Korean imports from Russia stood at \$31.5 million, down 37.6 percent from the same period in 1994.

Major import items from Russia include automobiles, machinery, and woods, which comprise 87.6 percent of all Russian imports.

Major export items are consumer goods.

The volume of trade between the two countries will stand at \$30 million, in view of the fact that North Korea-Russia trade is decreasing.

Other countries: During the January-September 1995 period, North Korean exports to Hong Kong decreased 15.1 percent, and its imports from Hong Kong increased 8.7 percent. Overall, the volume of trade increased by 0.1 percent, to \$64.21 million (\$19.65 million in exports and \$44.55 million in imports).

During the third quarter of 1995, North Korea exported \$28.97 million in goods to India and imported \$17.79 million from it. The volume of trade showed a significant increase.

As of the end of August 1995, North Korea exported \$3.22 million in goods to Italy and imported \$19.68 million from it. The trade deficit is worsening, even though the volume of trade is minimal.

As of the end of August 1995, North Korea exported \$26.83 million in goods to Germany and imported \$22.76 million, showing a trade surplus of \$4.07 million.

During the January-September 1995 period, North Korea exported \$940,000 in goods to Denmark and imported \$1.4 million.

During the January-September 1995 period, North Korea exported \$940,000 in goods to Denmark and imported \$1.4 million.

During the January-September 1995 period, North Korean exports and imports to Portugal increased, and the volume of trade was \$200,000.

Overall, North Korea exported \$110 million in goods to these minor trading partners and imported \$360 million from them. The total volume of trade is estimated at \$470 million.

Analysis: In 1995, North Korea's imports from China, Japan, and other major trading partners increased, and its exports to these countries decreased significantly.

Therefore, the volume of trade for 1995 will stand at less than \$2.11 billion.

In particular, North Korea's trade with China and Russia decreased, and its trade with Japan increased. Therefore, Japan is likely to become North Korea's biggest trading partner in 1995.

North Korea's trade with the rest of the countries will remain the same in 1995 due to the decreased exports caused by shortages of energy and raw materials and inadequate market capabilities.

Even though North Korea made every effort to expand foreign trade under the trade-first policy, its trade will decline due to flood damage, continued stagnant production, and the worsening foreign exchange problem.

#### **ROK: Russian 'Expert' Assesses Current DPRK Situation**

*SK2802105096 Seoul CHOSON ILBO in Korean  
24 Feb 96 p 5*

[Article by Aleksandr Minayenev, a Russian Foreign Ministry expert on North Korea and specialist of the International Cooperation Department in the Premier's Office: "The Current Situation in North Korea"]

[FBIS Summary] With the recent escape from North Korea by Kim Chong-il's ex-wife Song Hye-rim and her sister, we feel that North Korea faces limitations from its "self-contradictions," represented by the "intentional delay" of economic reforms, the conditions for which matured long ago, and by the "idolization of Kim Chong-il." Nonetheless, North Korea still adheres to its strong system of central control and is even strengthening it. In short, "there has been no fundamental change in North Korea's politics and its society" for the past two years since Kim Il-song died. Kim Il-song's behest is quite firm, and some foreign observers' predictions of great changes following Kim Il-song's death have been proven incorrect.

Whether to maintain the existing order or perform reforms was a "question of practice" in North Korea from



the late 1980s to the early 1990s. While "basically assuming a conservative stance," Kim Il-song "could not help but take some actions for liberalization" for practical reasons and set about developing the Najin-Sonbong special economic zone. However, the development project has ended in failure without practical results due to the lack of internal reforms. Since his father died, Kim Chong-il has pushed ahead with Kim Il-song's political and social lines without any fundamental changes, and North Korea's "totalitarian political and social structure is strikingly demonstrating its viability, despite its obvious self-contradictions."

Showing both stubborn and "tactically flexible" attitudes, North Korea "faced the threat of international sanctions" in connection with the nuclear issue, which has finally been resolved in North Korea's favor. North Korea is going to have light-water reactors "almost free of charge" and has succeeded in "remarkably" improving its relations with the United States.

In 1995, North Korea asked for food aid from international organizations and foreign countries, such as the United States and Japan, which it regarded as "hostile countries." This was an unusual action that no one could have predicted, considering North Korea's political traditions. North Korea succeeded to a certain extent in adapting itself to the world's new geopolitical situation by "strengthening practicality in its diplomatic activities," and has now become "an important component" in international relations in the Far East.

However, North Korea has been suffering an economic slump for years. The "distorted phenomenon of North Korean society aspiring for the absolute idolization" of Kim Chong-il has brought "negative effects" to social and economic development and "prevented North Korea's economic base from being modernized." The North Korean economy is characterized by general shortages of materials and resources, unbalanced industrial development, and the strong centralization of economic control.

Above all, the North Korean regime faces problems resulting from "deteriorating discipline" in society, the "prevailing trend of detesting labor," and "laziness." The level of North Korea's scientific and technological development is very low. All these factors contribute to low production capability and the low quality of products in North Korea.

Despite these conditions, the North Korean leadership maintains "very shaky stability" in operating state functions and economic mechanisms, thanks to its "militarized management method" under the complete control of the party.

**ROK: Russian 'Expert' on Relations With DPRK**  
*SK2802105696 Seoul CHOSON ILBO in Korean*  
25 Feb 96 p 5

[Article by Aleksandr Minayev, a Russian Foreign Ministry expert on North Korea and specialist of the International Cooperation Department in the Premier's Office: "The Current Situation in North Korea"]

[FBIS Summary] The prices of agricultural products in North Korea's new "free markets" are so high that ordinary people cannot afford to buy them. Using an average monthly salary, they can purchase only five or six kilograms of potatoes. Nowadays, visitors to North Korea frequently see North Koreans who work for divisions in charge of receiving foreigners asking foreigners to give them medicines, clothing, and food. Today's North Korea is "similar to a train with a broken engine, which is still running by inertia but is losing its speed as time passes."

Kim Chong-il's "stay in Kim Il-song's shadow" makes observers doubt if Kim Chong-il can voice his own ideas and policies. It seems that "Kim Chong-il is moved by inertia created by Kim Il-song, and he may not be able to move when the inertia terminates." The North Korean leadership still adheres to the past, "without a comprehensive concept for escaping from the economic crisis."

The future of North Korea is a question concerning changes in North Korean "political elites," who are expected to eventually open up North Korea, recognizing the "inevitability of reforms." North Korea's reform will begin in the external economic sector. However, it will take a long time for North Korea to open itself up to the outside. I believe that "there is no alternative but to be patient in looking for a resolution of North Korean issues."

North Korea has been isolated in the international arena since the collapse of the Soviet Union and East Europe. The rapid improvement of ROK-Russia relations "has dealt a great blow" to North Korea. However, North Korea does not seem to be hastening to improve relations with Russia, though it wishes it. This is because North Korea "is very much dissatisfied" with ongoing reforms in Russia, and probably because it hopes Russia will fail to implement reforms and ultimately return to conservatism.

In this regard, North Korea hopes the conservative leader of the Russian Communist Party will win the forthcoming presidential elections slated for June. In fact, North Korea "is desperately making diplomatic efforts to win over the conservative forces of Russian opposition parties to pro-North Korean circles." North



Korean Ambassador to Russia Song Song-pil has invited Vladimir Zhirinovskiy, an ultra-rightist Russian politician, to the North Korean Embassy in Moscow many times. He was also invited to visit Pyongyang, where he received hospitable treatment. Since then, he has been acting "obviously" in favor of North Korea. For example, in a parliamentary meeting held last year, he said: "Why do we have to annoy North Korea, one of our allies?"

#### **ROK: IRS, FBI To Investigate ROK Companies for Illegal Contributions**

SK2902093496 Seoul CHUNGANG ILBO in Korean  
29 Feb 96 p 1

[Report by Pae Myong-pok]

[FBIS Translated Text] Approximately 150 Korean companies active in the United States are reportedly under investigation by the IRS and the FBI on charges of illegally providing political funds.

If the Korean-American and ROK-based companies are proven to have provided illegal election funds to Kim Chang-chun, who became the first Korean-born U.S. congressman in 1992 (Republican, Diamond Bar, California), the penalty tax is expected to reach tens of millions of dollars, which would seriously damage the companies.

According to a 28 February report by high-ranking ROK Government source and industry sources well informed in U.S. domestic affairs, the IRS and the FBI secured a list of political funds contributors during Congressman Kim's 1992 and 1994 elections. About 150 companies related to the list are under investigation.

According to the U.S. election and tax laws, an individual may give contributions for political funds, but company funds are not allowed to be misappropriated for political use. The Korean companies in California are suspected of providing company money as political funds to Congressman Kim under the names of their employees and friends.

The sources stated: "The investigators have confirmed that the local corporations of Hyundai, Samsung, and Korean Air illegally provided political funds. The IRS and FBI are expanding the investigation to all Korean companies. Small and medium-sized companies may go bankrupt if the charges are confirmed."

#### **ROK: Value of Assets of President Increased Substantially**

SK2902040796 Seoul YONHAP in English  
0215 GMT 29 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 29 (YONHAP) — The value of the assets owned by President Kim Yong-sam's family has increased by 151,203,000 won (about 194,100 U.S. dollars) since last March, it was disclosed Thursday.

President Kim made the financial disclosure in accordance with the law on public officials property disclosure.

The total value of assets held by President Kim and his family, including his father, wife, sons and daughters, reached 2.63 billion won (about 3.4 million dollars) by Feb. 29 of this year.

The value of President Kim's personal assets increased 44,953,000 won (57,706 dollars) in the past year. In 1993, President Kim reported assets worth 457,444,000 won (587,219 dollars), which was the value of his home in Sangdo-tong.

He reported that his net worth had increased by 15,210,000 won in 1994, and 44,953,000 won last year.

Kim's father Kim Hong-cho, who runs a fishing business on Koje island in the South sea, reported that the value of his assets declined by 34,953,000 won from March last year. The president's father reported that his net worth increased by 1.9 billion won between 1994 and 1995.

#### **ROK: Disclosures Show Changes in Value of Assets of Legislators**

SK2902032196 Seoul YONHAP in English  
0059 GMT 29 Feb 96

[FBIS Transcribed Text] Seoul, Feb. 29 (YONHAP) — The property value of 26 legislators increased by more than 100 million won (128,369 U.S. dollars) last year, while that of 38 others dwindled by 100 million won or more.

According to financial disclosures made public by the National Assembly Ethics Committee Thursday, the assets of Rep. Chong Mong-chun, ind. [as received], increased 4.9 billion won (6.29 million dollars) in value.

The value of Chong's Hyundai Merchant Marine Co. stock skyrocketed by 3.2 billion won when the firm was listed on the Korea stock market, as did his investments into Hyundai Marine and Fire Insurance Co. and the MUNHWA ILBO published by the Hyundai Group.

The total value of Chong's assets is 83.3 billion won.



Speaker Hwang Nak-chu, Vice Speaker Hong Yong-ki, Reps. Kang Kyong-sik and Kwon Ik-hyon of the ruling New Korea Party, Rep. Yi Chong-chan of the major opposition National Congress for New Politics, and Rep. Kim Tong-kil of the opposition United Liberal Democrats, all saw the value of their assets increase by more than 100 million won in 1995.

The value of NKP Rep. Kim Chin-chae's property declined by 5 billion won.

There were nine fewer lawmakers whose property value increased by more than 100 million won last year, while the number whose property value declined by more than 100 million won increased by four.

This phenomenon appears to be related to campaign funds for the upcoming April general elections for lawmakers from both ruling and opposition parties.

#### **ROK Editorial Urges Voters Not To Be Swayed by Regionalism**

SK2902013496 (Internet) The Digital Chosun Ilbo  
WWW in English 1301 GMT 28 Feb 96

[Editorial: "Regionalism in Election Campaign"]

[FBIS Transcribed Text] With the general election not far off politicians from both the ruling and opposition parties are causing concern as their rhetoric tends to provoke regionalism in an effort to win support. The prevailing sentiment is that the ruling party itself is chiefly responsible though proposals by them to stop slanderous comments have been made.

Pak Chan-chong, the chief election manager of the Seoul metropolitan area of the New Korea Party recently said at a meeting in the Kyongnam area "If President Kim Yong-sam had not acted to bring the former two Presidents to justice, leaving this to history, there certainly would have been a continuation of demonstrations by the people of Chollado." The New Korea Party's Kim Yun-hwan has been particularly culpable by promoting his so-called "Yongnam Republicans First" theory. Guilty as well are Kim Tae-chung, the Chairman of the National Congress for New Politics, "What change have we seen during 35 years of Kyongsangdo rule?" and Kim Chong-pil, the leader of the United Liberal Democrats, by stressing that he alone should be the successor to President Pak Chong-hui. This trend, if not discontinued, will only create more tensions during the election campaign resulting in an atmosphere in which it will be more and more difficult for politicians to divert feelings away from regionalism and its negative influences.

We hope the citizens are wise enough that they will not succumb to provocations on the part of politicians

who, during normal times, speak of the threat posed by regionalism. Realizing this, the voting public should positively influence the election by not rewarding those who promote our differences.

#### **ROK: NKP Strategy To Appeal to Voters To Reject 'Regionalism'**

SK2902041796 Seoul THE KOREA TIMES in English  
29 Feb 96 p 2

[Report by staff reporter Pak Sung-yong]

[FBIS Transcribed Text] Waju, Chollapuk-to — Nobody doubts that Chollapuk-to, along with its neighboring Chollanam-to, has been a traditional stronghold of Kim Tae-chung, president of the main opposition National Congress for New Politics [NCNP] and its 1997 presidential hopeful.

In the 1986 general elections, the now-defunct Party for Peace and Democracy led by Kim swept all 14 National Assembly seats at stake there. And in the last parliamentary polls in 1993, the party lost only two seats to the then-ruling Democratic Liberal Party.

It is generally believed that there will be no change in the voters' behavior in the upcoming April 11 general elections.

A resident here said, "Regardless of whether they did a good job or not, the voters will give uniform support to the candidates of Kim Tae-chung's party."

The one-sided love for Kim and his party can be mainly attributed to the fact that the so-called Honam region, including Chonnam, has been alienated for decades from national development.

And the alienation and discrimination of the Honam region in the process of national development, as Yi Hoe-chang, chief campaign manager of the ruling New Korea Party [NKP], admits, has a deep-rooted cause.

"During Japan's forced occupation of the country, Japan laid a railroad connecting Seoul and Pusan, and focused their development programs on the Yongnam (Kyongsang-to) region," Yi said.

According to Yi, the communization of North Korea and China deprived the region of its potential for economic development.

"And the past military-backed regimes, whose power elites were mainly from the Yongnam region, centered the development plans on their hometown, decisively worsening the Honam people's sense of alienation," Yi added.

Son Pung-sam, chief organizer of the ruling party's Wansan district agreed in principle with Yi's opinion.



But he presented a slightly different analysis of the Cholla-to people's sentiment.

"The sentiment can be defined as a sort of political nihilism," Son said. "That is, their uniform support for Kim Tae-chung is not affection for him, but antipathy against the ruling camp, including the NKP."

He stressed that the local administrative magistrates in the region who were appointed by the central government before the June local elections should assume a considerable part of the responsibility for the anti-government sentiment.

"If they had paid a little more attention to the lives of their citizens than to their own promotion, the situation would have been very different," Son added.

But the NKP candidate for the Wansan district said there are some signs of change in the voters' behavior, especially that of intellectuals in the region.

Detecting the change, NKP leaders are now striving to dilute the one-sided love for the main NCNP leader Kim Tae-chung, who is expected to bid for the presidency for the fourth time in 1997.

They think the party will be able to win two to three Assembly seats if its strategy is successful.

The ruling party's strategy in Chonbuk aims at two things, as shown in a speech by NKP campaign manager Yi to a party meeting in the region.

One is to directly appeal to the voters to reject "regionalism," and the other is to show them a vision for economic development of the region.

"In some sense, I don't think regional sentiment is so bad. When people take pride in their hometowns and compete with others from other regions on the basis of that pride, regionalism is good," he told the reorganization rally of Wanju in the province on Tuesday.

However, Yi continued, if people favor someone just because he is from the same hometown, and if this tendency is taken advantage of by political parties, regionalism serves no good purpose.

Then he stressed that the Honam people should "not confine themselves to a regional cocoon, but advance toward the world with pride for real change of the nation."

The former prime minister also said that history has changed, and the country's economic level no longer allows the government to focus national development on the Yongnam region alone.

"The current economic size of the nation affords the government to develop the whole country, especially Honam, the western part of the Korean peninsula," he said.

Though "the age of the west coast" has not yet fully come, he thinks the time is historically inevitable, particularly with China's advancing market economy.

#### ROK Political Parties Mapping Out Economic Election Pledges

SK2902043396 Seoul THE KOREA HERALD  
in English 29 Feb 96 p 2

[BIS Transcribed Text] Overshadowed by debates on political stability and ideologies, such down-to-earth issues as tax cuts for workers have yet to emerge as major campaign issues.

Rival political parties, whose electioneering is now limited to their members, are attacking one another over their ideologies while each of them is claiming that it represents the interest of the conservative middle class.

The ruling party is appealing to voters for support, sending a message that it needs a majority of the National Assembly seats in the April 11 general elections if it is to ensure political stability.

But the main opposition party is saying it needs one-third of the seats or more if it is to check what it calls the arrogant ruling camp. A minor opposition party claims it is the only standard bearer of conservative forces while another minor opposition party is trumpeting political reforms.

When legislative candidates are allowed March 26 to meet with voters for face-to-face campaigning, economic issues concerning tax cuts and support to small business are also certain to emerge as dominant issues.

To prepare for direct campaigning to voters, the minor opposition Democratic Party announced its economic election pledges Tuesday. Other parties are working on their own.

The ruling New Korea Party, whose campaign theme is reform amid stability, is putting the finishing touch on its 100 economic campaign promises.

They include tax cuts for salary men and women and small businesses and reform in taxes on properties.

The ruling party plans to promise to keep the consumer price index at last year's level of 4.5 percent this year and push it down to 3 percent next year.

To help promote industrial restructuring, it plans to commit itself to the provision of 2 trillion won to small businesses each year until 1998.



The main opposition National Congress for New Politics, which is vowing to give top priority to economic issues, is working on a support plan for small business, price stability, tax reform and stock market stability.

It also plans to push for legislation replacing the special presidential order on the use of real names in financial transactions.

To help ease the dwindling of work force for small businesses, it is considering proposing that workers recruited by them be exempted from military service.

In addition to lowering income tax rates for workers, the main opposition party plans to promise the abolition of special excise taxes slapped on refrigerators, TV sets and other home appliances, which are no longer regarded as luxury items in Korean society.

It is also working on policy proposals on how to stabilize the stock market, including incentives to individual investors to hold shares for a long period of time.

On Tuesday, the minor opposition Democratic Party promised to push for an increase in the average tax-deductible amount of a worker's income from the present 20 percent to 50 percent.

It also promised to lower the rate of the value-added tax from the current 10 percent to 8 percent.

The minor opposition United Liberal Democrats, which is vowing to push for a small government and a large market, plans to propose that the economic policy be revised in favor of a market-oriented economy.

It also plans to call for deregulation, including that of land trades, which now require approval from local governments.

#### **ROK Policy on Human Rights in DPRK To Change to Active Intervention**

*SK2802114596 Seoul CHOSON ILBO in Korean*  
*28 Feb 96 p 5*

[By reporter Kim Yon-kwang]

[FBIS Translated Excerpt] On the occasion of the publication of the "White Paper on North Korea's Human Rights," the government is changing its position from a wait-and-see attitude to active intervention regarding measures dealing with North Korea's human rights.

Up until now the government attached importance to taking passive measures because "it may stimulate North Korea," but in the future it plans to clearly carry out policy regarding this matter in the direction of solving issues of "South-North relations through South-North relations and human rights through human rights."

This government policy was revealed when Foreign Minister Kong No-myong elucidated the government's will that "we will actively intervene in the North Korean human rights issue" at the October 1995 UN General Assembly. The publication of the white paper on North Korea's human rights on 26 February has significance in that it is a confirmation of the government's will to do so.

The publication of this white paper is an introduction to North Korea's human rights. From next year, the white paper will include concrete examples of infringement of human rights in North Korea. Based on testimonies by defectors, and materials presented by the Agency for National Security Planning, the Ministry of National Unification, and the Foreign Ministry, the "North Korean Human Rights Information Center" of the National Reunification Institute has already started computerizing materials on infringement of human rights in North Korea.

The government established the "North Korean Human Rights Information Center" of the National Reunification Institute on 30 July 1994. This was because the name of Ko Sang-mun, former teacher of Sudo Girls' High School, was included on the list of political prisoners at the "Sungho-ri Concentration Camp" as announced by Amnesty International. At the May 1995 meeting of ministers related to reunification, they decided to provide "overall measures to deal with North Korea's human rights," including human rights of North Koreans.

Having an understanding of the actual condition of those abducted to the North and those detained there and providing measures to deal with North Korea's human rights on the whole made little progress in the past. With the creation of an atmosphere for South-North dialogue such as the holding of rice negotiations regarding the North, the theory that "we must not unnecessarily agitate North Korea" was prevalent.

However, the publication of the white paper has provided a first stepping stone for policy on North Korean human rights. It has been learned that the North Korean Human Rights Information Center will be follow the German precedent. [passage omitted explaining West Germany's measures regarding East Germany's human rights situation]

A government authority revealed: "The work of steadily accumulating actual conditions on suppression of human rights in North Korea based on testimony by defectors will be the strongest incentive for North Korea to improve human rights."



**ROK, EU Sign Framework Agreement To Enhance Bilateral Trade**

*SK2902105496 Seoul YONHAP in English  
0702 GMT 29 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 29 (YONHAP) — South Korea and the European Union (EU) signed a framework agreement Thursday to enhance bilateral trade and cooperation, Foreign Ministry spokesman So Tae-won said.

Seoul's permanent representative to the European Union (EU) Chang Man-sun and deputy director general of the external economic relations of the European Commission (EC) Gian Luigi Giola initialed the "framework agreement for trade and cooperation between the Republic of Korea and the European Community" in Brussels, Belgium, the spokesman said.

The agreement calls for South Korea and the 15-member European Union to cooperate closely in the fields of trade, agro-fisheries, shipping, maritime, science and technology, environment, energy, telecommunications and information, protection of intellectual property rights and culture.

It also aims to enhance mutual understanding by both sides by adhering to the principles of democracy and human rights.

On trade, each side is obligated to allow easier domestic market access by the other and to promote fair competition, as well as guarantee each other's equal participation in government procurement bids.

The agreement additionally seeks unlimited international shipping market access.

The two sides must also fully implement the World Trade Organization trade-related intellectual property

rights for effective protection of international copy-rights.

Furthermore, internationally recognized standards in the production of goods must be used to prevent the possibility that such standards serving as hurdles to free trade, according to the agreement.

Bolstered cooperation against drug trafficking and the manufacture and distribution of counterfeit money, joint efforts to develop technologies in telecommunications, energy and the environment are also called for by the pact.

The agreement calls for the establishment of a joint committee to monitor implementation of the agreement and to seek ways to expand bilateral cooperative relations.

The two sides have had five rounds of talks to conclude the agreement during the past year. South Korean President Kim Yong-sam and European Commission Chairman Jacques Santer had agreed in principle to sign the agreement during Kim's European tour last March.

South Korea and the European Union are also putting final touches on the joint political declaration, aiming to sign it concurrently with the framework agreement soon, the spokesman said.

The European Union is planning to sign similar agreements and declarations with China and the association of Southeast Asian nations.

Initialing of the agreement and declaration, coinciding with the first summit meeting of Asian and European leaders in Bangkok Friday and Saturday, is likely to serve as a legal framework to develop comprehensive bilateral cooperative relations, a ministry official said.



## Brunei, Malaysia & Singapore

### Malaysia

#### Malaysia: SRV Refugees Repatriated Under Voluntary Program

BK2902071596 Kuala Lumpur BERITA HARIAN  
in Malay 28 Feb 96 p 3

[FBIS Translated Text] Subang, Tuesday — A total of 252 Vietnamese refugees, including 34 children, from the Sungai Besi Transit Camp, were repatriated to Ho Chi Minh City, by two special flights this afternoon in accordance with the Voluntary Repatriation Program (Volrep).

The refugees, who were divided into two groups, boarded two Air Vietnam aircraft at 1505 and 1515 respectively from the Kuala Lumpur International Airport's Terminal Two.

The first group, consisting of 134 refugees (77 men, 42 women, and 15 children) were transported by a Malaysian Airlines bus to the waiting aircraft under heavy police escort at 1450, followed by the second group of 118 refugees (67 men, 32 women, and 19 children) about 10 minutes later.

Senior Assistant Commissioner II [Roman Two] Haniff Ahmad, commander of the Police Field Force Central Brigade, said the refugees were among the 1,769 refugees who had voluntarily registered to return to their homeland under the United Nations High Commission for Refugees' Volrep program.

#### Malaysia's Commitment to Bosnian Cause Supported

BK2802140896 Kuala Lumpur Voice of Malaysia  
in English 0810 GMT 28 Feb 96

[Station commentary]

[FBIS Transcribed Text] At last Darryl N. Johnson, the U.S. Deputy Director of the Task Force on Military Stabilization in the Balkans is seeking support for his part of the Dayton peace accord — tact, train and equip. The program seeks to find fund for providing the Bosnian Federation Armed Forces a measure of self-defense capabilities in order to deter possible action in the future.

After swinging through Europe, Johnson is now on the Asian leg of his journey where he will visit Malaysia, Indonesia, and Brunei. Speaking to reporters after meeting with officials of the Malaysian Defense Ministry, Johnson praised Malaysia for its high involvement in the Bosnian cause. He is here to seek further Malaysian involvement in his train and equip mission. To that area,

he has invited Malaysia to attend a conference of donor countries to be held in Turkey next month. It is very unlikely that Johnson's request to Malaysia will be refused. The Malaysian Government has been one of the most active nations to champion a Bosnian cause. With or without the Dayton peace accord, Malaysians have shown that they will never forget Bosnia.

Echoing this sentiment was Defense Minister Datuk Syed Hamid Albar. Commenting on Johnson's request, Datuk Syed Hamid said Malaysia remained committed to train and equip the Bosnian Federation Forces so as to enable it to defend the country. On top of that he also pledged financial assistance to Bosnia. Mr. Johnson explained that this program would cost between U.S.\$400 to 800 million, the bulk of which will go towards purchasing military hardware. The U.S. Congress has approved up to U.S.\$100 million for hardware purchases and training fund. Other donor countries would make up the difference.

Mr. Johnson made the confession that it would be a matter of convenience for one country to handle all the works of supplying military hardware to the Bosnian Forces. He said it would be too confusing if more than one country received contract. Admitted Mr. Johnson, the other European countries [words indistinct] in wanting the United States to receive the contract.

A small country like Malaysia does not even have a defense industry to compete for contract with the United States. When Malaysian people went to Bosnia's aid in its darkest hours, it was not for the hope of getting something in return, much less profiting from the action. The same goes when the peace process threatened to carry Bosnia from the front pages and headlines. Malaysia was there for Bosnia through thick and thin but it was not for rewards.

The beauty of the Malaysian action lies in the fact that it was done out of pure compassion for humanity. Peace in the American vocabulary for Bosnia probably means no shooting. But the Dayton peace accord is providing the Bosnian Serbs what they were actually fighting for all along. They wanted a state of their own, they got it. They wanted an ethnically pure state. I-FOR [Implementation Force], even allowed Serb military trucks to stir up people in open breach of the Dayton accord. Well, what is left in Bosnia is exactly that. So much so that Bosnia has to depend on foreign aid to rebuild from its ashes.



**Singapore**

**Singapore: ROK's President Kim Yong-sam on State Visit**

SK2902065296 Seoul YONHAP in English  
0430 GMT 29 Feb 96

[FBIS Transcribed Text] Singapore, Feb. 29 (YONHAP) — President Kim Yong-sam proposed Thursday five major directions of South Korea's Association of Southeast Asian Nations (ASEAN) policy, aimed at promoting cooperation between South Korea and the [as received] and strengthening collaboration between Northeast and Southeast Asia.

President Kim, now here for a state visit, said at a luncheon that his country will "endeavor to see it that the belt of prosperity extending from Japan and the Republic of Korea will stretch through China to Southeast and West Asia."

Kim's address, entitled "A Partnership for Common Prosperity in the 21st Century," was delivered during a meeting hosted by the Institute of Policy Studies and the Korea-Singapore Economic Cooperation Committee.

Enumerating five directions of his country's ASEAN policy, Kim said South Korea will work together with ASEAN to propagate the common values of liberal democracy and market economies, develop mutually beneficial cooperation with every ASEAN country by invigorating economic exchanges, share its valuable experience with the ASEAN region, assist in the efforts to develop a "middle ground" that will serve as a bridge between Northeast and Southeast Asia, and promote more substantive exchanges and understanding between South Korea and ASEAN.

Observers noted that Kim's proposals would certainly put Korean-ASEAN relations onto a different plane, given ASEAN's growing stature in the international community.

"The Republic of Korea is going to expand the scope of economic cooperation to include the remote areas of the Asian continent which are lagging relatively behind in development," Kim emphasized. "Korea will also participate in the Mekong River base development project."

Kim called for the formation of a Korean-ASEAN 21st century committee to work toward the common goals for permanent peace and prosperity in the region, that he first proposed in a meeting with Singaporean Prime Minister Goh Chok Tong the previous day.

"I sincerely hope to see all of the countries in this region, including North Korea, join the Republic of Korea's effort to promote a peace and prosperity that

will transform Asian dreams into reality in the upcoming 21st century," he stated.

President Kim will leave for Bangkok Thursday afternoon to attend the Asia-Europe Meeting (ASEM) after concluding his three-day visit to Singapore.

**Singapore: President Ong, ROK Counterpart Speak at Banquet**

BK2902060296 Singapore THE STRAITS TIMES  
in English 28 Feb 96 p 1

[Report by Felix Soh]

[FBIS Transcribed Excerpt] The state visit of President Kim Yong-sam, which comes at a time when ties between South Korea and Singapore are growing rapidly, marks a new milestone in the bilateral relations between the two countries.

Making this point at a state banquet he hosted last night in honour of the visiting head of state, President Ong Teng Cheong also said the two countries had built a solid foundation for their bilateral relations because they had social and cultural similarities and shared many common interests.

The theme of shared values and similarities was the common thread in the banquet speeches made by the two presidents.

In his speech, President Kim said: "Singapore is a country to which the Korean people feel a sense of special affinity.

"The feeling of closeness comes from the fact that our two nations share the same sense of values, emphasising the importance of family and education, as well as diligence and substance."

The congruence of outlook was reflected in the warm welcome which Mr. Kim received from Singaporean leaders and officials when he arrived here yesterday afternoon from India by a special Korean Air 747 aircraft.

Fluttering on top of the cockpit of the Korean jumbo jet were the flags of Singapore and South Korea. Similarly, seen on the lapels of Singapore officials were the pins of the two countries' flags positioned side-by-side.

At the airport to receive Mr. Kim were President Ong, Prime Minister Goh Chok Tong, Minister for Law and Foreign Affairs S. Jayakumar, Labour Minister Dr Lee Boon Yang, Minister for Communications Mah Bow Tan, Minister for National Development Lim Hng Kiang, and Minister without Portfolio and Minister-in-attendance, Lim Boon Heng.



Also present were senior government officials, several members of Parliament and the heads of foreign missions.

Amid sunny weather, Mr. Kim inspected a guard-of-honour mounted on the airport tarmac by the Provost and Commando units of the Singapore Armed Forces. [passage omitted on Kim's itinerary on 28 May]

In his banquet speech, Mr. Ong said that the basic values which the two countries shared had helped them cope with the great changes in the world.

These values included placing great importance on harmonious relations among people and the obligations of the individual to society, and to value education not only for its social and economic benefits but also for its moral and cultural contributions.

We respect age, and value the family as the basic foundation of society. And we recognize that hard work and thrift are vital to improve our living standards," Mr. Ong continued.

He said the two countries also shared a common stake in regional peace and security: "In three days' time, we will again work as partners in the historic Asia-Europe Summit." He said that because of their many common interests, the two countries had built a solid foundation for our bilateral relations. [passage omitted covered by referent item]

Last year the two countries concluded an agreement on cooperation in arts, culture and sports.

Said Mr. Ong: "We may not be immediate neighbours, but our ability to work together on issues of common interest has brought our countries closer."

Mr. Kim, who referred to Singapore as the "star of South-east Asia", said that the two countries shared the common feats of having achieved phenomenal economic growth in a short period in spite of their limited natural resources.

"The Republic of Korea and Singapore are marching towards their common goal of ushering in the 21st century of peace and prosperity."

**Singapore: Goh Speaks at Dinner for France's Chirac**

**BK2902083496 Singapore BUSINESS TIMES**  
**in English 29 Feb 96**

[Report by Kevin Sullivan — received via Internet; all figures in Singapore dollars]

[FBIS Transcribed Text] France and Singapore "share the same pragmatic views" on international issues,

Prime Minister Goh Chok Tong said last night at a dinner in honour of French President Jacques Chirac.

Mr Goh spoke of a "shared vision" between the two countries and praised the French people's "inalienable belief in liberty and democracy".

Noting that the French high-speed TGF train has won orders in South Korea, Spain and the U.S., Mr Goh said TGF might have a role in Malaysian Prime Minister Mahathir Mohamed's "exciting proposal" to operate a high-speed electric train between Singapore and Kunming via Kuala Lumpur and Bangkok.

"In this vision of linking Asia by rail similar to your Euro Rail, there could be business opportunities here for French train builders, especially if Exim [export import] bank financing is provided," Mr Goh said.

Mr Chirac said his two-day visit here, ahead of the Asia-Europe summit in Bangkok, was "intended to pay tribute to Singapore as the architect" of the Bangkok meeting.

Mr Chirac is accompanied by Foreign Minister Herve de Charette, Minister for Industry, Posts and Telecommunications Franck Borotra, and French business executives.

Singapore is the first Asian country visited by Mr Chirac since he succeeded Francois Mitterrand in May. He is keen to re-establish his country's standing following the uproar caused by the nuclear tests in the South Pacific. He will also call on President Ong Teng Cheong and Senior Minister Lee Kuan Yew.

Trade between France and Singapore was worth \$6.8 billion in 1995, up from \$5.3 billion in 1994.

**Singapore: French President on Upcoming Bangkok Summit**

**LD2802220696 Paris France-Inter Radio Network**  
**in French 1800 GMT 28 Feb 96**

[FBIS Translated Excerpt] Jacques Chirac is a chameleon-like president: At ease playing a farmer on his tractor during his five-hour visit to an agriculture fair, touching and sincere in his homage to the late President Mitterrand, a winner among the crowds and hand shakes, who stands firmly in his certainty upon announcing the important reform of the army. The head of state changed his style once more, today, in the manner of a sales representative, accompanied by a group of businessmen. He began an official two-day visit to Singapore — a city-state of 3 million inhabitants and Paris's main partner in south-east Asia. In Singapore, neither France's nor Chirac's reputations are at risk during this trip.



[Begin Chirac recording] I hoped the [Singapore] prime minister, through this visit, on the eve of the Bangkok summit — the first meeting, an historical meeting between Europe and Asia [sentence as heard] I also wanted to pay homage to Singapore — the architect of this first step taken towards each other.

Singapore and France, you will recall, were the founders of this ambitious project, but it was you who had the idea. You are the forerunners, and France — Prime Minister, you will recall this — immediately adopted your idea. In Bangkok, let us open a dialogue and dispel the misunderstandings and doubts by learning to know each other better. Let us develop our numerous complementing qualities by building together a natural partnership between Europe and Asia. [end recording] [passage omitted]

#### **Singapore: French President Speaks to Economic Leaders**

*LD2902095496 Paris France-Inter Radio Network in French 0700 GMT 29 Feb 96*

[FBIS Translated Text] Jacques Chirac has made a plea for a rapprochement between Europe and Asia. According to him, the new partnership between Europe and Asia must be based on a novel approach and on the complementarity of the two regions. The French head of state's address to 500 economic leaders was, in a way, the Asian equivalent of the one he made in Chicago at the beginning of this month in which he praised the advantages of the French and European economy to the Americans.

In order to be more convincing with his interlocutors in Singapore, Jacques Chirac showed that he understands their reticence, including their reservations concerning French protectionism:

[Begin Chirac recording] Too often, people in Asia have the feeling that France is a protectionist country, simply because we are legitimately tempted to protect our own production in some product lines. This reaction is disappearing quite naturally, first of all because we are a member of the European Union, and also because economic decisions are no longer made by each state of the Union; decisions are made by the Union as a whole.

On the other hand France knows very well that a number of its products are sometimes jeopardized and that the threat does not always come from Asia, far from it. It sometimes comes from competitive devaluations carried out within the European Union. [end recording]

Italy was being subtly targeted there. Marie-Ange Les-cure recorded this address.

Before flying off to Bangkok today, Jacques Chirac criticized French banks. He blamed the French banking system for being unable to help companies, in particular small and medium-size firms. He said this inability gives cause for concern, for worry even.

[A later report by Paris France-Inter Radio Network in French at 0800 GMT on 29 February contains additional recorded remarks by Chirac in his address to 500 economic leaders in which he says: "My objective is a simple one. We must triple our market shares in Asia over 10 years. This is a great ambition, but I would like to repeat that our future also depends on Asia. The presence in Singapore of 400 French companies and banks — there were fewer than 100 10 years ago — shows that this objective can be achieved. France must become a top economic and financial partner for Asia, as it is for the other continents. It has all the necessary tools for that: a highly qualified workforce, leading scientific research, and state-of-the-art technology, in other words, a competitive and healthy economy based on stable prices and a strong currency."]

#### **Singapore: Finance Minister Presents State Budget 28 Feb**

*BK2902085896 Singapore BUSINESS TIMES in English 29 Feb 96*

[Report by Anna Teo — received via Internet; all figures in Singapore dollars]

[FBIS Transcribed Excerpt] Finance Minister Richard Hu yesterday presented a government budget containing a bumper crop of goodies for the average Singaporean and then some for businesses. There were no new taxes or levies, not even on tobacco and liquor.

Dr Hu, asked on television last night if this was an election year budget, said: "We've had three good years of substantial budget surpluses. So we can afford to be more generous this year."

Delivering his eleventh budget in a row, Dr Hu took one point off the corporate tax rate, gave specific sectoral incentives, adjusted the stamp duty rate for property transfers and, in an unexpected move, further cut the property tax rate.

Individuals will get a two-point income tax cut from next year — on top of another 10 per cent tax rebate this year — as well as National Service tax reliefs, a whole bag of CPF [Central Provident Fund] and Medisave top-up grants, and HDB [Housing and Development Board] and utility bill rebates.

Wealthier Singaporeans were not left out: changes were made to the estate duty structure in view of rising asset prices.



All in, the budget measures will cost the government \$2.45 billion, with individuals getting \$1.72 billion.

And that does not include a second offering of discounted Singapore Telecom shares in the second half of the year.

Appropriately, the Singapore Confederation of Industries (the former Singapore Manufacturers' Association) called it a "Hong Bao [Chinese New Year gift] budget".

The Singapore Chinese Chamber of Commerce and Industry, pleased that its budget wish list was mostly addressed, noted the government's willingness to "share the fruits of economic success with the people".

For a while during his budget speech, Dr. Joo had the business sector dismissing hopes of an income tax rate cut when he said: "As the growth outlook in 1996 remains buoyant, there is no pressing need to stimulate the economy with drastic tax cuts."

But he went on to announce, as another step towards the medium-term target of 25 per cent, a one-point cut in the corporate rate to 26 per cent for Year of Assessment 1997. The business community welcomed it, together with the cuts in property tax and withholding tax, as helping to contain rising business costs. [passage omitted]

## Cambodia

**Cambodia: Dally on Hun Sen's View of Actor's Death in U.S.**

BK2902042796 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 29 Feb 96 pp 1, 11

[Report by Soriya Pranet]

[FBIS Translated Excerpt] Second Prime Minister Samdech Hun Sen called on U.S. authorities to catch the killer of Hang Ngor, the actor of the widely acclaimed film "Killing Fields," claiming the slaying is a political murder, not an armed robbery.

Hang Ngor was killed by two bullets fired in the garage of his house in Los Angeles by unidentified gunmen on the night of 25 February.

At a meeting with the people in Kbal O village, Ko commune, Tbong Khmum District, Kompong Cham Province, on the morning of 27 February, Samdech Hun Sen called the slaying of Hang Ngor a terrible tragedy and a most cowardly act against an activist of the Cambodian People's Party (CPP). Hang Ngor was a staunch opponent of Pol Pot. At all forums, he always voiced his backing for, and agreement with, the prevention of the Polpotist clique, and expressed hatred for those collaborating with Pol Pot.

Samdech Hun Sen said the Royal Government of Cambodia (RGC) and the CPP requested a full account of the political murder from the U.S. Government. Was this a political threat to activists supporting the RGC and the CPP on American soil? "Aside from attempting to kill Samdech Hun Sen, they are also poised to act against those supporting him." He encouragingly asserted that although Hang Ngor was killed and although Hun Sen will be killed "there will be millions of Hang Ngors, millions of Hun Sens" to continue activities against the Polpotist clique and its supporters. [passage omitted]

**Cambodia: Military Source Reports Casualties in Border Fighting**

BK2902105096 Hong Kong AFP in English  
1030 GMT 29 Feb 96

[FBIS Transcribed Text] ARANYAPRATHET, Thailand, Feb 29 (AFP) — More than 200 Cambodian soldiers and 80 Khmer Rouge guerrillas were killed in recent fighting for control of two strategic hills near the Thai border, a Cambodian military source said Thursday.

The fighting intensified from Tuesday as the army brought in artillery and tanks to support assaults by Battalion 11 of the Fourth Regional Army on hills 25 and 35, which are opposite Baan Mai Pakhong village near this Thai border city.

The government's casualties in the fighting, in Banteay Meanchey province, included one entire platoon of 70 men that was wiped out, the source said. A tank was also destroyed.

The Khmer Rouge also sent in reinforcements from the town of Pailin to shell government soldiers traveling along Highway 5.

The guerrillas also bombarded Poipet on Thursday morning, seriously injuring nine Cambodian traders in the market, the source said.

One woman in Poipet reached by telephone from Phnom Penh told AFP: "The shells come every day now. This time one hit and landed in a big group of people near the market. There were many injuries."

**Cambodia: Khmer Rouge on Drug Trafficking Operations**

BK2902045196 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 28 Feb 96

[FBIS Translated Excerpt] Theng Bunma [chairman of the Thai Bunrong company] and Hun Sen are the top ringleaders in drug trafficking in Cambodia.



Present-day Cambodia, ruled by the two heads, is a lair especially for international brigands to smuggle heroin to foreign countries. Who are the ringleaders of the brigands? They are Theng Bunma called Thai Bunrong, the two-headed police chief, and the Stung Treng province governor, who channeled heroin to Phnom Penh, then Koh Kong and Kompong Som Provinces. In Koh Kong and Kompong Som, they shipped heroin out on fishing trawlers.

They export heroin from Stung Treng once or twice a month. Each time, an average amount of between 100 and 200 kg of heroin, packed in boxes belonging to the Army, is shipped.

Ringleader Thai Bunrong reaps 30 percent of the profit from the smuggled drugs. He gives 30 percent to Hun Sen, and allows the remaining 40 percent to be shared by province governors, army commanders, police chiefs, and army and police privates, who are involved in drug smuggling.

In drug trafficking operations, the one-eyed Hun Sen, who is a communist Vietnamese out-and-out lackey, is the ringleader and major political backer. This is a very well known fact.

Aside from this, the two heads have also set up dens of opium, marijuana, and other addictive drugs at all dance halls and some hotels in Phnom Penh and Kompong Som, especially at the floating casino in the capital city. [passage omitted]

#### **Cambodia: RAC Welcomes Hun Sen's 'Open-Skies Policy'**

*BK2902060496 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 29 Feb 96 pp 1, 4*

[Report by Saophoan]

[FBIS Translated Excerpt] Royal Air Cambodge [RAC] has welcomed the open-skies policy that Second Prime Minister Samdech Hun Sen recently put forth. According to the policy, new airlines will be allowed to compete with RAC.

Numerous travel agencies in Phnom Penh have backed the policy. This is because they also have "a lot of problems with RAC."

In a letter dated 26 February to REAKSMEI KAMPUCHEA, RAC Chairman It Vichet said "RAC follows the open-skies policy of the Royal Government of Cambodia." He did not, however, explain on what basis he agreed with the policy as his company has the monopoly on the Cambodian sky.

Observers claimed the hasty agreement by RAC was due to its inability to add new airplanes to its routes as required by the two prime ministers. [passage omitted]

In the same letter, It Vichet claimed he was not aware of the disappearance of two TU-134 airplanes as he had not received them when he assumed the position as the RAC chairman on 5 May 1995. He did receive the following six planes: Three AN-24, two ATR-72, and one 737-400 Boeing. He has already given three AN-24 planes to the Air Force.

No source has yet claimed responsibility for the disappearance of the two TU-134 airplanes that Samdech Hun Sen has ordered be found.

#### **Indonesia**

##### **Indonesian Resistance Leader: U.S. 'Key' to East Timor Problem**

*BR2902125096 Lisbon DIARIO DE NOTICIAS  
in Portuguese 28 Feb 96 p 6*

[Unattributed report: "Solution Lies in United States"]

[FBIS Translated Excerpt] Timorese resistance leader Konis Santana, in statements broadcast by RDP Antena 1 yesterday, asserted that the United States is the only power in the world that holds the "key" to the resolution of the problem of East Timor. These statements were taken from a cassette recorded in the territory's mountains, in which the current leader of the resistance in the interior answers questions put by a Portuguese Radio Broadcasting Company journalist. Santana believes that the North Americans are in a position to be able to exert pressures to resolve the Timorese problem.

Konis Santana also advocates the presence of representatives of the Timorese resistance in the negotiations under way between the governments of Portugal and Indonesia. "The free choice of the territory of East Timor's future must be made by the Timorese people." [passage omitted]

##### **Indonesia: Daily on Asia-Europe Cooperation at ASEM**

*BK2802160996 Jakarta SUARA KARYA  
in Indonesian 28 Feb 96 p 5*

[Editorial: "The Inaugural Asia-Europe Meeting" — italicized passages in English]

[FBIS Translated Text] The observers of futurology have been predicting for quite some time that the 21st century is going to be the Asia-Pacific era. With the formation of the APEC [Asia-Pacific Economic



Cooperation] forum in 1993 in Seattle in the United States, the forum was later filled with an objective vision or concept at the APEC II meeting in Bogor in 1994. This was followed by an action agenda adopted at the APEC III meeting in Osaka, Japan, thus making the Asia-Pacific era more substantial. In fact, the development of the Asia-Pacific era is expected to be realized within a specified timeframe with the establishment of a timetable for trade and investment liberalization for the developed countries of APEC by the year 2010 and for developing countries by 2020. The development of the Asia-Pacific era will mostly be determined by the fast rate of high economic growth in Asian countries, which have emerged as a new economic force. (As a matter of fact, Asia has the highest economic growth, when compared to other regions.)

Against this background, countries in the European Union have no other choice except to step up cooperation with the countries in Asia. It is in this connection that the ASEM (Asia-Europe Meeting) is going to be held in Bangkok, Thailand on 1-2 March 1996. The ASEM will be attended by the heads of states of the seven ASEAN member countries, plus the heads of government of Japan, China, and Korea respectively, along with 15 members of the European Union.

Foreign Minister Ali Alatas has said that several political and economic topics will be discussed at the ASEM. Among them are: how to jointly contribute toward making reforms in the United Nations so that the world body is more effective and just; how to jointly contribute to achieve a comprehensive nuclear ban treaty; and how to resolve several international problems. In the economic area, efforts will be made to boost trade and investment between Asia and Europe by eliminating factors that the two sides feel are obstacles to this objective. Ways to strengthen the WTO will also be raised at the meeting.

Since Alatas has cited the objective of ASEM, it is not relevant for controversial issues to be discussed at the meeting. The East Timor issue (which has become the UN secretary general's agenda) or the human rights issue, which is closely related to the historical and cultural background of an individual country in Asia and Europe, are examples of such controversial issues. If these topics are raised at the formal meeting, it will not be an exaggeration to say that the ASEM will not achieve its expected goal.

It is true that such controversial issues or sensitive topics will possibly be touched on in the bilateral meetings (lobby) among the ASEM heads of states/government. We are confident, however, that the European Union

leaders have the wisdom not to spoil the ASEM by touching on sensitive topics.

This is the fact that we wish to stress. The reason is that future Asia-Europe cooperation demands a more meaningful understanding of the each other's interests and position within a global context. This will finally be determined by the ability of the two sides to conform to the future vision and perceptions, which act as the platform and starting point for the joint contributions to produce results. Alatas has also said the same thing.

We hope that the European Union leaders can grasp a clearer understanding of Asia's aspirations in trying to expand cooperation based on mutually beneficial partnership. This is the mode for future cooperation in the globalization era.

#### **Indonesian President Meets Austrian Chancellor in Bangkok**

*BK2902142096 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 29 Feb 96*

[FBIS Translated Text] President Suharto held a private meeting with Austrian Chancellor Franz Vranitzky several minutes ago in Bangkok, Thailand. The head of state is in Bangkok to attend the informal Asia-Europe Meeting. Here is our correspondent reporting on President Suharto's activities in Bangkok:

[Begin recording] [Unidentified correspondent] According to a briefing Minister and State Secretary Mardiono gave to journalists half an hour ago, President Suharto feels it is important for the Asian and European nations attending the two-day Asia-Europe Meeting beginning tomorrow to boost cooperation in the spirit of partnership. In broad terms, the European nations are considered advanced industrialized countries, while among the Asian nations only Japan is considered an advanced industrialized country. Korea and Singapore are newly industrialized countries. Thus, in general, the Asian nations are developing countries.

Touching on the meeting between President Suharto and Austrian Chancellor Franz Vranitzky, Minister Mardiono said the two countries expressed their desire to step up cooperation, particularly in the field of technology:

[Mardiono] Indonesia has stressed that as a developing country and a country that is entering a new phase of development, it badly needs to acquire technological expertise. Indonesia is also in dire need of technological experts from countries that are advanced in this sector. President Suharto also indicated that Indonesia's development requires plenty of infrastructure facilities for roads, ports, and transportation. To meet the



country's demand for sufficient electrical power, President Suharto invited technological experts and capitalists from Austria to participate in Indonesia's development program. [end recording]

**Indonesia: Suharto Meets With Visiting Vatican Cardinal**

*BK2802133296 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 28 Feb 96*

[FBIS Translated Text] Cardinal Roger Etchegaray, head of the Vatican's Justice and Peace Council, says respect for human rights is the only way to realize justice and peace. In a statement distributed to reporters after he paid a courtesy call on President Suharto at the Cendana Road presidential residence in Jakarta this morning, the cardinal said there is no justice without peace and it is impossible to have peace without justice. Replying to a reporter's question, Cardinal Roger said he highly appreciates Indonesia's diverse character. [cardinal's recording indistinct].

Earlier, the cardinal visited Dili at the invitation of East Timor's Bishop Belo to meet with the East Timorese people and visit Catholic churches in the province.

**Indonesian Military Official: Hostages in 'Good Health'**

*BK2902133696 Hong Kong AFP in English 1307 GMT 29 Feb 96*

[FBIS Transcribed Text] JAKARTA, Feb 29 (AFP)—All 12 hostages held by separatists in the jungles of eastern Indonesia are in good health, a military officer said from the area Thursday.

"All 12 hostages are healthy but they looked a bit thin," military spokesman Captain Edi Setyadi told AFP by telephone from military headquarters in Jayapura, Irian Jaya.

He was speaking after a doctor from the International Committee of the Red Cross (ICRC) was allowed to visit the captives, held since January 8.

Setyadi said the ICRC doctor was allowed to meet with all hostages for about six hours at an undisclosed location.

He said that none of the hostages were suffering from "serious illnesses."

The helicopter that flew in the ICRC doctor returned with a sick tribal leader for treatment in Wamena, the main town in that part of Irian Jaya, Indonesia's easternmost province.

A helicopter carrying the ICRC doctor left Wamena early Thursday to meet the rebels holding the hostages.

The hostages include six Indonesians, four Britons and two Dutch nationals.

The official Antara news agency later reported that the helicopter landed back in Wamena at a military command closed to the press.

ICRC headquarters in Geneva said in a statement earlier Thursday that the Free Papua Movement (OPM) had agreed to allow an ICRC medical team to visit the 12.

There has been concern over the health of the hostages. One of them, UNESCO environment official Martha Klein of the Netherlands, is 18 weeks pregnant and has been reported to be suffering from malaria.

However, military spokesman Setyadi told AFP Thursday Klein was in good health.

ICRC delegate in Jakarta, Henri Fournier, met with two local leaders of the militant group on Sunday and Monday.

Since February 9, a five-member ICRC team has been conducting an "exploratory mission" by helicopter from Wamena, in eastern Irian Jaya, with the agreement of the parties concerned, the statement issued in Geneva said.

The mission is "mainly trying to facilitate all exchanges of information" that might help bring about "a humanitarian solution" and reestablish contact between the hostages and their families, the ICRC said.

Last week the ICRC arranged an exchange of letters between the hostages and their families, the statement added.

Other messages were given to Fournier during his meeting with the militants.

ICRC gave local OPM leaders a supply of clothing, food and medicine for the hostages.

The other European captives are four young British scientists who were taking part in a scientific expedition in the area and a Dutch citizen working for the World Wide Fund for Nature (WWF).

The OPM rebels initially took 26 people hostage in Mapunduma, in the central mountain range of Irian Jaya, but later released 14.

A senior Indonesian military officer, Lieutenant General Suyono (Eds: one name), reiterated on Saturday that the military would not use force to try to rescue the captives.

The OPM has been fighting for an independent Melanesian state in Irian Jaya since 1964 when the former Dutch colony of Western New Guinea became Indonesian territory.



**Indonesia: Portuguese Radio, TV Received in East Timor**

*96SE0024A Jakarta GATRA in Indonesian 10 Feb 96 p 36*

[FBIS Translated Text] As a Sunday dawned in late January, the Portuguese Government began to seek sympathy from citizens of East Timor. They apparently sought to develop closer ties of the heart. At 0730 hours, East Indonesia Time, television sets with dish antennas could receive a broadcast direct from Portugal on the television network owned by RTP (Portuguese Radio and Television).

The broadcast was clearly propaganda for winning over East Timor citizens. Besides local dances, such as the "lebe" and dances from the Suai area, Prime Minister Antonio Guterres made a speech specifically for the people of East Timor. In his introduction, Guterres, speaking in the Tetum language, the local language of East Timor, promised to support citizens of East Timor. "It is important to support your desire for independence and your right to determine your own future," Antonio Guterres said.

The RTP is efficient with its programs. The proof is that one day after rioting broke out at the Becora Prison, Dili, they broadcast news of the event. The rioting that brought the death of convict Armino da Silva Martins was depicted in detail. The program lasted for 10 minutes. The program used Indonesian as well as Portuguese. "Broadcasts such as that apparently could become cause for provocation," Dili resident Albertus Moruk told GATRA.

Moruk's concern is understandable. The problem is that, as Jorge Coelho, Portuguese deputy prime minister for information, stated, as quoted by AFP, the television broadcasts are an expression of solidarity with East Timor's campaign to achieve self-rule. "Politics are government matters. The target of the television broadcasts is the whole world," Chief of RTP International Alexander Fernando said in justifying them.

Fernando, whom GATRA interviewed by phone last Thursday, 2 February, explained that TV Portugal's broadcasts to Asia are a part of international broadcasting that began on 10 June 1992. "The main targets of these broadcasts are not only Portuguese people who live overseas, but also people who understand Portuguese," Fernando said.

Fernando said that broadcasts are beamed from Lisbon 24 hours a day using ASIAT 2. The satellite, owned by Asia Pacific Telecommunications Satellite, 75 percent of whose stock is controlled by China, can reach 53 countries from Moscow to Australia. Therefore, all

parts of the world receiving the broadcasts obtain the same programming.

Fernando continued by saying that the television broadcasts he manages are not presented specifically for East Timor citizens but are directed to the many people in the world who speak Portuguese. In Japan, for example, there are 180,000 people who speak Portuguese. In Australia there are 70,000, and the same is true of Brazil (as published) and India. "Our target is global. If the broadcasts are received in East Timor, fine," said Thraciano Tarrozo, liaison officer of the Foreign Ministry and the office of Prime Minister Antonio Guterres. Fernando added that program material is general and that the main subjects are sports, news, music, and Portuguese films.

Fernando may speak defensively, but Guterres' speech appears to have another meaning. "The broadcasts absolutely do not help, and they are not conducive to resolution of the East Timor conflict," said Gaffar Fadyl, director of overseas information in the Indonesian Department of Foreign Affairs. Gaffar also feels that this issue could cause disagreement in the future. "In any case, we must be alert to this matter," said Brigadier General Suwarno, chief of the ABRI (Indonesian Armed Forces) Information Center. He said that under globalization it is not possible to prevent transnational broadcasts. "We can only counterbalance the broadcasts with similar material. For example, we broadcast programs in the Tetum language," he said.

Suwarno is not very worried, however, because the TV Portugal signal is not easy to receive. Only people with dish antennas more than nine feet wide can see the broadcasts, but there are not more than 100 people in Dili who have the dishes. "Since ordinary people do not have them, there is no reason to worry. If there is any influence on the people, the people with the dishes are exerting the influence. Those people are officials or people with money," said Samuel Alex Petrus, chairman of the PDI (Indonesian Democratic Party) Faction in the East Timor DPRD (Regional Legislature).

According to Manuel Carrascalao, member of the FKP (GOLKAR Faction) in the East Timor DPRD, TV Portugal does not broadcast much about East Timor. "Its broadcasts are the same as those from other countries. There is nothing extraordinary," he told GATRA's J. Bosko Blikololong.

For Manuel, the broadcasts of Radio Portugal are the ones that should get serious attention. Programs in Indonesian, Portuguese, and Tetum are broadcast four times a week, from 1900 to 2000 hours. The issues discussed involve politics, economic affairs, culture, and various things about East Timor. "From what I



have heard, the broadcasts contain propaganda with potential to threaten integration," said Manuel, the younger brother of former East Timor Governor Mario Viegas Carrascalao. There is no other name for all of this but propaganda. The fact is that for the hundreds of years that Portugal ruled East Timor, nothing existed there but poverty.

#### **Indonesia: Economist Rules Out Devaluation for Economic Problems**

*BK2802130896 Jakarta KOMPAS in Indonesian 28 Feb 96*

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Senior economist Professor Dr. Mohamed Sadli assured that the government would not choose the devaluation option in its attempts to overcome national economic problems. Devaluation is not an option. Sadli said this during the 27th anniversary celebrations of the Indonesian Manpower Institute on Tuesday (27 February).

Sadli, contacted regarding the sizable current account deficit estimated at \$6.9 billion, said that—in view of the present situation—devaluation will not occur. He said, however, that further depreciation is an option. In the past, a depreciation rate of 3.5 percent to 4 percent was common. The rate now stands at 5 percent.

Sadli stressed that depreciation would not harm the Indonesian economy, but rather acts as a medicine. He also suggested that other actions or medicine were needed, such as spending controls.

Speaking at a separate meeting, entrepreneur Bob Sadino said he saw no signs that the Indonesian economy is declining. Countering pessimistic views, Sadino said that Indonesia is an incredibly wealthy nation: Who is speaking of decline? The proof is that exports to Japan last year consisted of 100 containers. He said: That is no small number because the Japanese market is not easy to penetrate. [passage omitted on other businessmen's comments]

#### **Indonesia: Conglomerates Banned From Operating Internet Services**

*96SE0024B Jakarta GATRA in Indonesian 10 Feb 96 p 83*

[FBIS Translated Text] Internet is a land that may not be touched by the conglomerates. This land is provided exclusively for young professionals who have broad knowledge of sophisticated communications technology. Therefore, let there be no expectation that the conglomerates will be able to apply for Internet licenses. They would definitely be refused. "The government will

remain consistent in its position that permission to offer Internet services will not be given to conglomerates," Joop Ave, minister of tourism, post, and telecommunications, told GATRA recently.

The purpose of this regulation, said Djakarta Purawidjaja, director general of post and telecommunications, is to provide more room for people who want to enlarge their knowledge of the Internet, so that knowledge in the computer field can grow rapidly here. "It would be too bad if they have to develop their knowledge overseas," he said.

Many young professionals have continued their computer education overseas, even to the doctorate level, feeling that their knowledge would come to a halt if they were employees of conglomerates. "We are not anticonglomerate, however," said Djakarta.

Self-development is not easy, particularly for professionals with limited means. The problem is that an Internet business requires a large amount of money. The Cyberindo Aditama company, for example, needed 2 billion rupiah to start its Internet business. Meanwhile, the banking community is still unwilling to inject large amounts of money for new people plunging into this illusory world. Moreover, the number of Internet users is still limited (about 10,000 people) and those are being vied for by 14 providers who have received permission in principle. What, then, is the way to overcome this problem of capital?

The government, said Djakarta, will provide a way for those who are short of funds. He said there is no ban on the conglomerates' bearing the cost of these activities. "Such aid must not influence the decisions of the license holders, however," Djakarta said.

So that this will not be subverted, the government has provided ways to supervise the behavior of providers who would quietly bring conglomerates into the management of their companies. Such supervision includes notarial documents and the monthly and annual reports of the companies involved. Every licensing change and every notarial document must be reported to the Department of Post and Telecommunications. "The licenses of providers who violate this will be rescinded," Djakarta said.

Business in the Internet world is indeed promising. According to Dikdik Hasan, director of PT [Limited Company] Sistelindo Mitra Lintas, Internet users will expand by 30 percent per year. The number of people who want to plunge into business in this illusory world will also increase. Besides the 14 providers who have received permission in principle, dozens of others, mostly small businesses, have been in the queue since



January for licenses from the minister of posts and telecommunications. What they are vying for is the 50,000-rupiah monthly fee from each subscriber.

It is natural that this regulation would be welcomed joyfully by many providers. "I am happy, because I can breathe freely now," said Sanjaya, director of PT Indo Internet. Dikdik feels that this step will give an opportunity for small businesses to plunge into the information technology business. He does not agree, however, that this is the only way to improve the professionalism of providers. "Even the professionalism of conglomerates can be improved, because they have the funds to train their employees so that they can be successful," he said.

### **Thailand**

#### **Thai Police Chief Views Inclusion on U.S. Drug Country List**

**BK2602135696 Bangkok Radio Thailand Network**  
**In Thai 1200 GMT 26 Feb 96**

[FBIS Translated Text] Police General Phot Bunyachinda, director general of the Police Department, said he could hardly believe that Thailand was on a U.S. list of countries that are narcotics production sources and supporters of international drug trafficking.

[Begin Phot recording] It is almost unbelievable to me because Thailand has been cooperating fully with the United States on narcotics suppression. We have been working side by side with U.S. officials in Thailand. We proved our sincerity to them when we arrested 11 out of the 20 major drug traffickers in the north who were wanted by the United States under arrest warrants. The United States even commended Thailand for this. [end recording]

#### **Thai Prime Minister Discusses ASEM Security for 5 Leaders**

**BK2702033496 Bangkok BANGKOK POST**  
**In English 27 Feb 96 pp 1, 3**

[Unattributed Report]

[FBIS Transcribed Text] Top security will be provided for leaders of the United Kingdom, France, China, Japan and Indonesia during the March 1-2 Asia-Europe Meeting in Bangkok.

Prime Minister Banhan Sinalapa-acha revealed the security measures yesterday during a meeting of leading members of the seven government coalition parties.

Science, Technology and Environment Minister Yingphan Manasikan said the prime minister told the coalition members that problems back home which involved

the five countries are so intense that he is worried about their leaders' safety.

These problems, according to Mr Yingphan, include conflict between Britain and the Irish Republican Army (IRA), protests by many countries against France and China's policy on nuclear tests, conflict surrounding the Japanese Government and the Aum Shinri Kyo religious cult and human rights violations in East Timor allegedly by Indonesia.

Earlier in the morning, Mr Banhan met with representatives of the Foreign Affairs Ministry and Armed Forces and Police Department security agencies at the Interior Ministry to discuss security measures during the Asia-Europe Meeting in Bangkok.

Security will be provided to the attendants from their arrival here until they depart.

Meanwhile, Police Department Director-General Phot Bunyachinda said his department had coordinated with the National Security Council, Armed Forces Security Centre, and other intelligence units to discuss intelligence coordination on a daily basis.

Some 600 police officers from the Special Branch Bureau will be dispatched to provide security everywhere the leaders will be — hotels, the Queen Sirikit National Convention Centre where the meetings will be held, Santi Maitri Building in Government House where a reception dinner will be offered Thursday evening, according to Pol Col [Police Colonel] Sawak Wattanakit, the deputy commander of the Second Special Branch Division.

Meanwhile, Prime Minister Banhan Sinalapa-acha denied reports he had ordered a ban on the gathering of non-governmental organisations at a Bangkok hotel during the same period.

On the issue of rallies by various social groups expected in Bangkok during the meeting, Mr Banhan said he had told ministers concerned to talk with them now to solve the problems before they move to the capital.

The premier said he would call a meeting today with Cabinet members to discuss for the last time protest activities during the time of the meeting.

#### **Thailand: Prime Minister Banhan Interviewed on ASEM**

**BK2902080196 Bangkok THE NATION In English**  
**29 Feb 96 p A4**

[Prime Minister Banhan Sinalapa-acha answers questions from unidentified THE NATION correspondent on



tomorrow's Asia-Europe Meeting — place and date not given]

[FBIS Transcribed Text] [THE NATION] The Asia-Europe Meeting [Asem] is another golden opportunity for Thailand to promote its role in the international community. Are you confident of Thailand's ability to host such an important gathering? Do you believe that domestic political stability will enable the Kingdom to generate new innovative ideas that will promote regional prosperity and stability through ASEM?

[Banhan] The Royal Thai Government has made preparations in coordination with all those concerned in order to best ensure ASEM's success.

In this regard, a National Committee under the chairmanship of the prime minister, comprising the representatives of approximately 50 government agencies, has been established. In addition, two committees responsible for substantive matters, protocol and security matters under the chairmanship of two deputy prime ministers, have been established. Also, further functional subcommittees have been set up. Our experience in organizing the fifth ASEAN summit has also served as a guidance in preparing for ASEM. Finally, the Ministry of Foreign Affairs has been in coordination with all countries concerned from the very beginning. Thus, I can say with great confidence that Thailand is ready to host the ASEM.

As for the necessity of having a stable domestic political environment vis-a-vis Thailand's innovative role in ASEM, I see no relation. The ideas and positions enunciated at ASEM will be Thailand's national view and position and not that of a group or groups, of individuals. In other words, the political environment in Thailand should not present any obstacle in terms of Thailand's position in the ASEM.

[THE NATION] It is premature but, nevertheless, plausible to think of the way Asian-European relations could evolve. How do you see the forum evolving in terms of promoting the mutual interests of the two regions. How does ASEAN think of ASEM in the context of balancing the interests of the powers in the region — Europe, China, Japan and ASEAN? What role will China, Japan and South Korea play in this forum? Could you identify a common interest in both continents with regards to security cooperation?

[Banhan] Both the Asian and the European sides regard ASEM as a process to promote further cooperation between Asia and Europe. The process needs to be open and evolutionary. Follow-up actions based on the consensus should be agreed upon but need not be institutionalized. Facilitating cooperation between Asian

and European business leaders would also contribute to the ASEM process.

ASEM has not been conceived in the context of balance of powers among participating countries but rather a forum where leaders from both continents can discuss a wide range of mutual concerns and aspirations and develop a common vision of the future by forging a new partnership on an equal basis.

ASEM will also provide an opportunity to learn from each other how they can achieve security cooperation. The European Union and the Asian nations have been engaging in discussions on political matters at the ASEAN-EU Dialogue, the ASEAN Regional Forum (ARF) and the ASEAN Post Ministerial Conferences (PMC). In ASEM, we will also discuss such issues as strengthening global initiatives on arms control, disarmament and non-proliferation of weapons of mass destruction. These could be achieved through the early conclusion of the Comprehensive Test Ban Treaty, as well as reaffirming their strong commitment to the UN Charter and cooperation in promoting the effective reform and democratization of the UN system.

[THE NATION] The birth of APEC [Asia-Pacific Economic Cooperation] five years ago was in response to the possible collapse of the Uruguay Round and the political and economic integration of Europe. That aside, being the third leg in the global economic linkage, what was ASEM's response to counterbalance APEC or the U.S. interest in the Asia-Pacific?

[Banhan] ASEM's purpose is not to counterbalance any particular country or group of countries. Considering the current activities in global trade and investment, it is evident that there are three main centres of economic growth in the world, namely, North America, Europe and East Asia. North America is linked with Europe through the G-7 and through trans-Atlantic frameworks which have been in existence for decades. However, there is currently no linkage between East Asia and Europe. Thus, ASEAN, the EU and other relevant countries initiated discussion among themselves and arrived at the common view that creating the missing link, which would complete the integration of the above three centres of economic growth, would be beneficial for cooperation in global economic development.

The first purpose of ASEM is for the leaders to get acquainted with each other, consult and exchange views on various political, economic and other issues of common interest, and lay down the foundation for future cooperation.

[THE NATION] How do you see the issue of tariffs, investment and capital flow being dealt with by ASEM?



[Banhan] ASEM's objective is to forge a new comprehensive Asia- Europe Partnership for Greater Growth. A strengthened economic partnership, based on the common commitment to open regionalism and multilateralism, has as its objective, increased two-way trade and investment flows to be achieved through facilitation and liberalization measures. Concrete steps to achieve this goal will be drawn up by senior officials in the follow-up phase to begin almost immediately after ASEM. It has been suggested that the EU and APEC trade concessions could be exchanged, a by-product of which would be the linkage of EU and APEC through Asia. Furthermore, in recognition of the vital role of the private sector, Thailand will offer to host the Asia-Europe Business Forum in early 1997. This forum will assist in the achievement of increased two-way trade and investment through the forging of business-to-business contacts and through inputs offered to the government sector.

[THE NATION] It was understood that ASEAN will act as a core of ASEM, a format adopted from the ASEAN Regional Forum process. How optimistic is ASEAN in maintaining such a role compared with the APEC development, in which ASEAN fell short of its objective to act as the leader? APEC also deals mainly with economic cooperation while ASEM will also touch upon sensitive issues like human rights and labour standards.

[Banhan] ASEM is an initiative born out of consultations between ASEAN, the EU and other relevant countries, namely China, Japan and the Republic of Korea, which are of the common view that creating a linkage between Asia and Europe would be beneficial to relations between the two regions and to cooperation in global economic development. It is evident that ASEAN has shown enthusiasm for this meeting and its success, and has continuously coordinated with the EU and the other countries concerned.

As for sensitive issues, both sides have agreed not to raise confrontational and non-relevant issues inconsistent with ASEM's objectives. Both sides have agreed on the objective of promoting mutual understanding and linkages between Asia and Europe which will form the basis of cooperation in the future. Nevertheless, problems such as human rights and labour standards may be raised in a broad context without singling out any country in particular. Thailand understands that other Asian countries are also ready and willing to exchange views on those specific issues. While ASEM might not be able to discuss them in real depth, there are still other forums available for such discussions to take place.

[THE NATION] Is it considered too ambitious to start the first ASEM at leadership level and is the preparatory period for the meeting enough to ensure the success

of the summit, which is crucial to produce momentum necessary for the second meeting? The APEC process evolved from ministerial meetings to leaders' informal summits, while the ASEM process is quite the reverse. What does this imply to you and by Asian standards what would be considered a success for the first ASEM?

[Banhan] It was a joint decision of all countries concerned to hold the first ASEM from March 1-2. There is thus a common commitment to cooperate to ensure the meeting's success. In this regard, Thailand has received every country's support, contributing to a smooth preparatory process.

As for Thailand being chosen as host country, this derives from the confidence in Thailand's potential in various areas such as telecommunications and new age technologies, contributing to Thailand's readiness and suitability to play host to a meeting of such magnitude. This is indeed an honour for Thailand and is representative of the international recognition of Thailand's growing important role at the international level. As host, Thailand will be in a position to become more attractive to foreign investment by demonstrating her success and further potential in economic development, as well as to make her identity, culture and positive image better known.

ASEM is the result of an initiative at the very highest level. It had the support and interest of the heads of state and government of the countries concerned from the beginning. At present, all countries are of the consensus that ASEM will not be a one-shot affair, but will comprise follow-up activities along the lines to be agreed upon. Thus, ASEM will mark a new chapter in the relations between the two regions. There are already a number of countries offering to host subsequent ASEMs as well as follow-up activities. For now, the fact that important world leaders have shown interest in attending ASEM is already a measure of the success of ASEM. As for the similarity or difference between ASEM's and APEC's development, this is not such an important issue.

[THE NATION] Critics warned against ASEM becoming a forum to promote economic interests without due consideration being given to promoting understanding on social values like human rights as well as environment and labour rights protection. How would the forum assure this delicate balance, both to promote economic interest and bridge understanding on the issues, given the fact that many Asian and European countries have different social values which tend to be exaggerated by national interests.

[Banhan] ASEM is aimed at generating discussions on cooperation in the political, economic and other



areas which are important components of the overall relations between the two regions. Thailand, as host and chairman of the meeting, will endeavour to allocate the time available in the three main sessions to enable discussions on all the above main topics. Thailand considers that all countries would find this acceptable and extend their cooperation in not raising matters of conflict or matters which may lead to confrontation among the participants. In this regard, both sides are fully aware of each other's different social values, mentalities and positions on certain issues. For this reason, leaders of both regions should meet in person to exchange views and to promote mutual understanding.

[THE NATION] Europe and the U.S. are the main competitors in international arms sales to Asia and some ASEM countries from the Asian side are major European arms recipients. How could ASEM help to slow down arms proliferation and build-up? How would ASEM tackle the trans-migration issue in light of increasing integration between East Asia and Europe?

[Banhan] ASEM's purpose is not to address specific problems, but to lay a broad foundation for the development of future cooperation. As for existing problems, it is possible to exchange views and to discuss possible solutions at a subsequent stage at appropriate levels. The issues of arms proliferation and build-up, trans-migration and other social issues are sensitive in-depth issues and cannot be adequately dealt with during a meeting of such short duration.

The question on the EU's Common Foreign Policy should be directed to the European side.

[THE NATION] One emerging common interest of the two regions is the development of the Mekong sub-region. How do you think ASEAN and European governments can cooperate here to help assure the sustainable development of this sub-region which has been over exploited by both European and ASEAN investors?

[Banhan] Many countries in Europe such as France and Germany have shown interest in playing a part in the development of the greater Mekong Basin Sub-region. While these countries have the technology and financial wherewithal, ASEAN countries have the human resources and local regional experience. As for the specific details of such cooperation these could be worked out at the official level.

[THE NATION] There are different approaches in the decision-making process between the Asians and Europeans. The Asian way is one of consensus while the European Union relies more on the sense of solidarity.

How could these two decision-making methods be adapted in the future?

[Banhan] The decision-making process in ASEAN and the EU have developed over the years and are based on different experiences. Furthermore, these processes are the internal affairs of the respective organizations which have not been copied and applied at the broader ASEM level. Nevertheless, all ASEM countries will have to jointly consider and determine ASEM's decision-making process to enable it to undertake joint action in the future.

#### **Thailand: ROK President Interviewed on ASEM Objectives**

*BK2902083596 Bangkok BANGKOK POST (ASEM SPECIAL Supplement) in English 29 Feb 96 pp 1, 4*

[Interview with South Korean President Kim Yong-sam by Suphaphon Kanwirayothin; place and date not given]

[FBIS Transcribed Text] [Kanwirayothin] What importance does the Asia-Europe Meeting [ASEM] in Bangkok carry for you? What message should South Korea and Asia put across at this forum? What are your expectations and what outcome would you consider satisfactory from this exercise? Please tell us about the relationship between South Korea and the European Union.

[Kim] The Asia-Europe Meeting, I believe, will be crucially important in that it can increase the momentum of the new cooperative partnership between Asia and Europe.

At the summit meeting, the Republic of Korea (ROK) and other Asian countries will emphasise the need to promote economic collaboration between the Asian and European regions and closer cooperation in efforts to shape the world order for the forthcoming century

Through the ASEM, the two regions should be able to strengthen mutual trust, improve the circumstances for international security, expand inter-regional trade and investment based on open regionalism under the new framework of the World Trade Organisation and thus bolster substantial cooperative relations.

The two regions should also be able to promote mutual understanding through increased exchanges in the cultural, educational, academic, artistic and tourism fields and jointly cope with drug trafficking, terrorism and other global problems.

Trade between the ROK and the European Union has been increasing vigorously over the past several years. Especially last year, such two-way trade rose sharply to surpass US\$30 billion.



Encouraged by this trend, the ROK and the EU agree the two sides need to further develop their relations.

In fact in March 1995 when I visited five European countries, including France, Germany, and Great Britain and the EU headquarters, the ROK and the EU President expressed the intention in a joint communique to strengthen cooperation between the two sides. This communique paved the way for elevating ROK-EU relations on to a new dimension.

At present, the ROK and the EU are working out an institutional device for the expansion of cooperation not merely in the economic, trade and commercial fields but also in the political and cultural fields.

Furthermore, in order to pave the way for the development of relations oriented towards the 21st century, the ROK and the EU are negotiating to finalise a Framework Agreement and a Joint Declaration.

[Kanwirayothin] How realistic is the goal of increasing trade and investment exchanges between Asia and Europe, given the present reality that Asia is itself a vast market, while Europe is more preoccupied both politically and economically within its own continent?

[Kim] The EU has the highest industrial and technological levels in the world, while Asia has emerged the fastest growing region on earth and has the potential for continued growth in the future.

Therefore, there is vast potential for the two regions to greatly expand trade and investment when they make full use of their respective strengths.

Currently the EU is weighing the possibility of forming a Trans-Atlantic Free Trade Area (TAFTA) with the United States, seeking to conclude a cooperation accord with South America and bolstering economic cooperation with other regions. Given this trend, I think that prospects are high for increased trade and investment between Asia and the EU.

In particular, during the ASEM that is to discuss ways to strengthen economic cooperation, I expect the participants from Europe and Asia will emphasise their strong determination to make best use of their respective natural resources and vitality and stress the desire of the people of their countries to accelerate economic development.

I am certain that closer economic cooperation between Asia and Europe will positively contribute to promoting the prosperity of the two regions and fostering their economic development.

[Kanwirayothin] The question of "Asian values" has been widely debated of late — that concepts such as

human rights and democracy are interpreted differently in the Asian and Western contexts.

Please share with us your thoughts whether human rights and democracy are indeed universal principles, or should Asia interpret these in its own way.

[Kim] I believe democracy is a universal principle that is applicable to any society in the world.

Democracy is a universal value because it upholds freedom and equal rights as basic principles and thus respects basic human rights and accepts the views of a majority in the process of running a society.

It is a fact, however, that the principles of democracy have been applied differently to different countries since their historical backgrounds and their present situations are different.

In particular, in many Asian countries, there has been conflict between the goal of political development and that of economic growth.

However, many of the Asian countries are seen as accommodating a broad range of democratic principles and through this process, I think, democracy will advance more and more and be enhanced.

[Kanwirayothin] You are the first civilian leader of South Korea after years of military dictatorship. How do you view your job, criticisms about democracy breeding corruption and other issues?

[Kim] As we prepare to meet the 21st century only five years away, the task of carrying out changes and reform is the biggest challenge our Republic faces.

Since I was inaugurated into office, I have been striving to eliminate irregularities and corruption, build a clean wholesome society, establish the rule of law and thus ensure democracy has taken firm root in our Republic.

I do not agree that democracy breeds corruption and a decline in moral values.

What we see in general today is that advanced countries have all had liberal democracy firmly established in their societies, while in most of the less developed countries absolute power or dictatorship is deepening corruption and upsetting social and moral values.

From this, it may well be said that advances in democracy work as an institutional mechanism that prevents such corruption and moral distortions. It is part of such advances in democracy that the current efforts are being made in our Republic to right the wrongs of history.

[Kanwirayothin] Burma has been and still remains ruled by military dictatorship which has systematically



suppressed pro-democracy forces. It will be extremely interesting if you can draw a comparison between Burma and South Korea's recent political developments that may enable us to forecast the future of Burma. Do you think Burma will eventually have civilian democracy like South Korea? From your experiences, what factors ought to be in place to bring about such an eventuality?

[Kim] I do not think it is appropriate for me to comment here on the political situation of a third country.

I would only note that newly emerging countries that gained independence after World War II are confronted with the common difficulties of having to pursue the two concurrent goals of political development and economic construction.

Since different countries have different cultural and historical backgrounds, it may not be easy to think of a standardised process of democratisation that can be applied.

In the Republic of Korea, however, the public's strong political consciousness and the strenuous struggle waged by democratic forces have paved the way to democratisation.

[Kanwirayothin] What do you think of the role of China in Asia in general and Southeast Asia in particular? Do you subscribe to the notion of a "China threat" or do you think that an economically strong China will be a benign superpower?

Please tell us about South Korea's political and economic relationship with China and Japan.

[Kim] China has achieved remarkable economic growth as a result of the successful implementation of a policy of reform and openness.

At the same time, China has been contributing to the common prosperity and stability of the Asia-Pacific region through active participation in the Asia-Pacific Economic Cooperation (APEC) forum, the ASEAN framework for dialogue and other regional activities.

I believe China will continue to play such a constructive role as the countries of the region become increasingly dependent on each other and as China carries on its economic development.

Since the establishment of formal diplomatic relations in 1992, the Republic of Korea and China have continued to develop substantive cooperative relations by promoting exchanges in various fields.

The advances in the development of the ROK-China relationship are well explained by the fact that the ROK

is now China's third largest trading partner and China is also the ROK's third biggest trading partner.

The Republic of Korea and China, I expect, will continue to closely cooperate with each other not merely bilaterally but on a multilateral level as well and thus jointly contribute to the peace and prosperity in this region.

While aware of the unfortunate past between them, the Republic of Korea and Japan agree that they should look to the future in building up their relations.

Our republic is making efforts in that direction. While ROK-Japan relations are becoming closer politically and economically, there is some bilateral friction with regards the perception of what happened in the past, the issue of the ROK's trade deficits with Japan and the recent territorial dispute over the Tokdo islets.

I hope and expect that we can come to a mutual understanding so that these bilateral issues can be resolved in a constructive manner.

[Kanwirayothin] How do you see the trend of the Korean peninsula situation and your relationship with North Korea?

[Kim] While the countries of the world, including the socialist nations, are moving towards reconciliation, cooperation and openness, only North Korea, defying such global trends, rejects reform and openness, and continues to abide by its hostile stance against the Republic of Korea thus keeping up Cold War conflict and military confrontation on the Korean Peninsula.

Recently, North Korea is undergoing serious economic difficulties, including a food shortage.

From our close observation and assessment of the North Korean situation over more than 50 years, it is obvious that North Korea's current food shortage is - a structural problem.

It is not simply due to the floods that occurred last summer. It also stems from the fact that North Korea allots an excessively large portion of state resources to the military.

Our Republic shipped 150,000 metric tons of rice gratis to North Korea to help relieve its food shortage. This food aid was provided out of concern and consideration for our compatriots in the North.

Nonetheless, the North's attitude towards the South has hardened even more than before. Our Republic will assist North Korea in easing its difficulties and work jointly with the North to usher in an era of reconciliation and cooperation if and when Pyongyang



responds sincerely to our call for resumption of South-North Korea dialogue and shows a willingness to establish peace and stability on the Korean Peninsula.

**Thailand: Prime Minister Receives Britain's Major**  
*BK2902111396 Bangkok Cho So 100 Radio in Thai*  
*1000 GMT 29 Feb 96*

[FBIS Translated Text] British Prime Minister John Major has arrived at the Oriental Hotel one hour behind schedule. Upon arriving at the hotel, Prime Minister John Major went straight to meet Prime Minister Banhan Sinlapa-acha at the Embassy Room. The two then walked together to the hotel's reception hall to meet reporters. The British prime minister, accompanied by the Thai prime minister, then walked to the Normandie Room for the signing of a contract under which the TPI Company will buy machinery from the Davy International Company. Prachai Liaophairat, chairman of the TPI Company, is also present for the ceremony.

Meanwhile, the bilateral discussion and the signing of documents between the Thai and British prime ministers has been postponed until 2 March.

Following the signing of the contract between TPI and the Davy International Company witnessed by the Thai and British prime ministers, the Thai prime minister will hold bilateral talks with Chinese Prime Minister Li Peng. The Chinese prime minister arrived at the Oriental Hotel a while ago and is prepared to meet with the Thai prime minister. It is the first meeting between the two leaders. During the meeting, it is expected that the two leaders will discuss the potential for economic and technical cooperation between their countries. China plays an important role in the region and is extensively involved in the Mekong River basin development project, including the so-called Economic Quadrangle development program. The Chinese leader will extend an invitation to the Thai prime minister to visit China 24-29 March to forge closer ties and to underline the Chinese Government's support for Thai investment in China.

**Thailand: UK's Major Addresses Thai, UK Business Leaders**

*BK2902150996 Hong Kong AFP in English*  
*1452 GMT 29 Feb 96*

[Report by Angus MacKinnon]

[FBIS Transcribed Text] BANGKOK, Feb 29 (AFP) — British Prime Minister John Major on Thursday presented what amounted to an economic election manifesto, declaring inflation to be securely "under lock and key," and promising to put a computer on every school desk in his country.

Tough decisions taken during the severe recession of the early 90s had allowed Britain to achieve a fundamental change in its economic prospects, Major told Thai and British businessmen on the eve of the Asia-Europe summit here.

"We have emerged from recession for the first time since the Second World War without the endemic problems that lead to economic downturn in the future," he said.

"Perhaps for the first time in 40 years inflation is safely under lock and key."

Major's stress on the unprecedented nature of the current recovery was a direct response to the opposition Labour Party's accusations that 17 years of Conservative rule had failed to halt Britain's decline as an industrial power.

Major also responded to the agenda set by Labour on making information technology an integral part of the country's education system to help create a workforce that would attract Asian investment to Britain.

"We intend to plan for the very long term in these industries," Major said, revealing that the government was examining the possibility of a "private financing partnership" that would put a computer on every school child's desk.

"Investors will find a workforce trained and skilled in the information technology that will be the common currency of world change in years to come."

Britain is due to hold elections before next summer and Major's Conservatives are currently trailing badly in the polls.

Major, who was speaking at a reception hosted by his former employer, Standard Chartered bank, went on to describe the two days of talks which open Friday as a "long overdue" initiative.

The opening of a dialogue between the two continents would complete the missing link in relations between the "three great engines of the world economy" — Asia, the United States and Europe, he said.

"There is a conservatism in Western Europe sometimes about investment that I think we should push to one side," Major said.

The current pace of change in the region was "staggering" and Europe had "barely scratched the surface" of its potential, Major said. Those in Europe who were first to seize the opportunities would reap the greatest benefits.

He also confirmed that Britain will host a repeat of the Bangkok gathering in London in the first half of 1998.



Although the main summit agenda is expected to produce little of concrete substance, Major was due to have an important bilateral meeting with Chinese Prime Minister Li Peng on the future of Hong Kong late Thursday.

Before meeting Li Peng, he attended a dinner given by the summit hosts where Thai silk shirts were the suggested dress.

#### **Thailand: Banhan Meets With Italian, PRC Counterparts**

*BK2902145796 Bangkok Radio Thailand Network in Thai 1300 GMT 29 Feb 96*

[FBIS Translated Text] In an interview with the media following a meeting with Prime Minister Banhan Sinlapa-acha, Italian Prime Minister Lamberto Dini said the human rights issue will certainly be brought up for discussion at tomorrow's meeting of the Asia-Europe leaders. He believes it is impossible, however, to find a quick solution to the problem. He said it will be settled gradually over a long period of time.

Prime Minister Banhan Sinlapa-acha and Chinese Prime Minister Li Peng also held a bilateral meeting. Reporting on the meeting between the Thai and Chinese prime ministers, Suraphong Chaiyanam, director general of the Foreign Ministry's Information Department, said Prime Minister Banhan welcomed the Chinese prime minister and thanked the Chinese Government for its overwhelming support for the Asia-Europe Meeting. He also thanked the Chinese Government for an invitation extended to Her Royal Highness Princess Maha Chakri Sirinthon to make another visit to China.

The Chinese prime minister expressed the hope that the Asia-Europe Meeting will achieve the expected results. He said the world community stands to benefit greatly if more meetings of this kind are held with the full cooperation of the various blocs of countries. China believes that Asia and Europe share similar views while at the same time adopting different attitudes. This can be an advantage if there is cooperation among all parties. The fact that Asia and Europe adopt different views should pose no problem because both sides are seeking common ground while preserving differences on the basis of mutual benefit and common interests.

Prime Minister Banhan agreed with the views of the Chinese prime minister. He said the dinner party to be attended by the leaders of 25 countries should be a venue for them to exchange views and seek cooperation concerning the format and direction of tomorrow's meeting; how it should be conducted to bring about agreement without creating conflict. The prime minister expressed the belief that Asia and Europe will be able

to forge cooperation as members of the international community without interfering in each other's internal affairs.

#### **Thai Officials on Malaysian, Burmese Border Situations**

*BK2602073296 Bangkok THAILAND TIMES in English 26 Feb 96 p A4*

[Unattributed report]

[FBIS Transcribed Text] Bangkok: The controversy over the construction of a border wall by the Malaysian Government, suspected to encroach on Thai soil, will be a topic of serious debate between Prime Minister Banhan Sinlapa-acha and his Malaysian counterpart Mahathir Mohamed during the forthcoming Asia-Europe summit, Foreign Ministry's Treaties and Legal Affairs department source told THAILAND TIMES yesterday.

The source said Thailand will raise the 1909 treaty concerning the two nation's borders to prove if Malaysia had violated the accord. The portion of the wall that will run through the disputed area has not yet been constructed, but is in the planning stages.

"Talks between the two nations' premiers would end the conflict," the source said.

Supreme Commander Gen Wirot Saengsanit, who has observed the disputed site, insisted that the Malaysia's wall has not encroached on Thai territory.

"I am not worried about the construction, but I am worried that the issue would be 'talked' too much," he said.

Meanwhile, Karen National Union (KNU) is expected to launch new round of attacks against the Democratic Karen Buddhist Army (DKBA).

A Thai military source in Tak province said Thai army officials have been informed that almost 300 heavily-armed KNU soldiers, led by Col Johnny, have made plans to assault rival DKBA's Pawpatha base soon. The base is opposite Ban Nong Bua in Tha Song Yang district in the province.

Thai officers, including rangers, border patrol police and army officers, have been assigned to guard the border areas anticipated to be the battle ground of the two rival ethnic minority groups.

A special task force has also been set up to counter the possible spill-over on Thai soil by the two Burmese rebel armies.

A KNU official said the DKBA has attempted to cause afflictions to Karen refugees, who are loyal to KNU and taking temporary shelters in Thailand.



KNU's Seventh Division, led by Gen Tin Maung, with responsibility to protect the border area opposite Tha Song Yang, has been resisting the DKBA's offensives.

The rebel officer has said his troops would not cause any problem to Thailand.

In a related development, Supreme Commander Wirot said the common border checkpoints of Tachilek in Chiang Rai and Victoria Point in Ranong provinces were expected to be re-opened soon.

Yet, the checkpoint in Mae Sot could not be reopened soon due to unsettled problems, including the soil expropriation under the Thai-Burmese friendship bridge on the Moel river.

#### **Thai Board of Trade Campaigns for Japanese Investment**

*BK2602094796 Bangkok BANGKOK POST  
in English 26 Feb 96 p 17*

[Report by Chatrudi Thepharat]

[FBIS Transcribed Text] The Board of Investment will try to revive a flagging trend for small and medium-size Japanese manufacturers to move their factories to Thailand.

The board had hoped Japanese investors would establish 1,500 factories in Thailand between 1995 and 1997. But only 300 were begun last year.

The recent depreciation of the yen was a key factor slowing Japanese investment in Thailand, a board source said. Most Japanese manufacturers had decided to stay home.

The board has teamed up with the Industry Ministry, Thai Industrial Estate Association and 15 industrial estate developers to reverse the trend by promoting Thailand as the best factory site in Southeast Asia.

The seminars in Tokyo and Osaka began yesterday and end on Thursday. The board expects 700 Japanese investors will attend in Tokyo and 400 in Osaka.

The board source, who declined to be named, said Thailand faced competition from other members of the Association of Southeast Asian Nations.

Japanese remained the major foreign investors in Thailand. Funds from Taiwan and Hong Kong had decreased, he said.

Despite a decline in the total number of foreign investment projects in Thailand, their overall value has doubled.

Applications for investment dropped from 1,407 projects in 1994 to 1,200 last year, but the stated costs of the schemes rose doubled to 580 billion baht.

Board secretary-general Sathaphon Kawitanon said analysis of the applications and figures revealed Thailand was not attractive for labour-intensive industries, and it needed to update its information for the Japanese.

The seminars will focus on sites in 15 industrial estates spread throughout Prachin Buri, Sara Buri, Samut Sakhon, Chon Buri and Rayong.

The developers involved are Alpha Technopolis Co, Bang Pakong Industrial Park II, Hemarat Land and Development, Mahachai Land Development, MDX, Nisso Industrial Park, Rotchana Industrial Park, Saha Pathana Inter Holding, Saha Rattana Nakon Industrial Estate, Rasaburi Industrial Park, Siam Cement Industrial I and and Rayong Industrial Land, Siam Eastern Industrial Park, SSP Property, TG Land and 304 Industrial Park.

The estates cater for vehicle parts manufacturing, electronics, plastics and light industries.

The board also planned to attract investors from Eastern Europe and Australia by holding road shows there, Mr Sathaphon said.

The Asia-Europe Meeting in Bangkok starting on Friday would be a good chance for Thailand to show it was among the best industrial sites in terms of setting and infrastructure, he claimed. Also, Thailand might host the first Asia-Europe Business Council meeting in 1997 if the leaders at this week's meeting agreed.

#### **Vietnam**

##### **SRV Government Delegation Leaves for ASEM**

*BK2802155196 Hanoi Voice of Vietnam in English  
1000 GMT 28 Feb 96*

[FBIS Transcribed Text] Talks between Asian and European leaders in Bangkok later this week will focus primarily on economic concerns. In an interview with the French news agency AFP, Vietnamese Deputy Foreign Minister Vu Khoan said that Vietnam's top priority at the talks was to seek stronger economic ties and cooperation between the two regions. Vietnam will also seek greater investment from Europe, which has lagged behind Japanese, American, and other Asian capital flows.

Deputy Foreign Minister Vu Khoan left Hanoi on Wednesday with a delegation led by Prime Minister Vo Van Kiet for Bangkok to take part in the historic two-day meeting between 15 members of the European Union and 10 Asian nations.



Vietnam's participation in Bangkok marks an important step in its overall orientations of regional and global integration. In addition to attending the two-day meeting, Prime Minister Vo Van Kiet plans to hold several bilateral meetings with his Asian and European counterparts.

**SRV: Spanish Foreign Minister Arrives for Official Visit**

*BK2802155096 Hanoi Voice of Vietnam in English  
1000 GMT 28 Feb 96*

[FBIS Transcribed Text] Spanish Foreign Minister Cabeza y Westendorp is in Hanoi for an official visit. During the visit, discussions will be held on several agreements which will form the bases for further cooperation. Upon his arrival, the Spanish foreign minister held talks with his counterpart Nguyen Manh Cam. He will also meet with Minister of Planning and Investment Do Quoc Sam.

**SRV President, Prime Minister Receive Spanish Minister**

*BK2902104096 Hanoi VNA in English  
0537 GMT 29 Feb 96*

[FBIS Transcribed Text] Hanoi VNA Feb. 28—State President Le Duc Anh and Prime Minister Vo Van Kiet received here today the visiting foreign minister of Spain, Mr. Carlos Westendorp.

President Anh welcomed the visit as a manifestation of the two countries' wish to continue promoting the friendship and cooperation in respect of which, he said, mutually agreed projects should be carried out as soon as possible.

On this occasion, President Anh asked the Spanish foreign minister to convey his invitation to the king to visit Vietnam and his wishes for a prosperous and happy life of the Spanish people.

Prime Minister Vo Van Kiet attributed the Vietnamese people's achievements to their own efforts, the open-door foreign policy and continued assistance by international community.

"While Vietnam is step by step implementing industrialisation, Vietnam and Spain will find out opportunities for their cooperation in the interests of both sides," said PM Kiet.

He added that the coming Asia-Europe Summit conforms with Vietnam's foreign policy and that Vietnam would therefore do its best to contribute to the success of the summit.

**SRV National Assembly Office Holds News Conference**

*BK2802155796 Hanoi Voice of Vietnam Network  
in Vietnamese 1100 GMT 28 Feb 96*

[FBIS Translated Text] The National Assembly Office convened a press conference in Hanoi this afternoon on the Ninth National Assembly's ninth session. Speaking at the press conference, the chief of the National Assembly Office disclosed that the Ninth National Assembly's ninth session would open on 2 March 1996, which coincides with the opening of the first National Assembly's first session 50 years ago. At this session, the National Assembly will study and pass three draft laws, namely, the Law on State Budget, the Law on Mineral Resources, and the Law on Cooperatives. The National Assembly will also devote time to hearing additional government reports on the implementation of the 1995 tasks and the state budget as well as other reports.

The National Assembly Office suggested that press organs and journalists provide adequate information on this session, thereby motivating the people countrywide to fulfill the tasks for 1996 as directed by the National Assembly's resolution and thus, by their meritorious performance, welcome the eighth national congress of the Communist Party of Vietnam.

**SRV Presidential Office Announces New Regulations**

*BK2902093596 Hanoi Voice of Vietnam Network  
in Vietnamese 0500 GMT 29 Feb 96*

[FBIS Translated Text] On 24 February State President Le Duc Anh signed an order promulgating the regulation on the National Assembly Standing Committee's inspection and supervision work. He also signed an order promulgating the regulation on the Government's supervision and control over the People's Councils. These regulations were adopted by the SRV Ninth National Assembly Standing Committee on 15 February 1996.

This morning, 29 February, the Presidential Office held a news conference to introduce these regulations. Comrade Nguyen Viet Dung, head of the Presidential Office chaired the news conference.

Minister Phan Ngoc Tuong, head of the government's cadres organization department, briefed reporters on the regulation on the National Assembly Standing Committee's inspection and supervision work, and the regulation on the Government's supervision and control over the People's Councils. These regulations are aimed at establishing stipulations of the revised Law on Organization of the People's Councils and People's



Committee, clearly defining the authority of the National Assembly Standing Committee and the Government in inspecting and supervising activities of the People's Councils, and promoting the implementation of lines and policies by various echelons of state agencies. These measures are aimed at developing the role and position of the People's Councils, and enhancing the efficacy of state organizations in localities in accordance with the SRV 1992 Constitution and the spirit of the Seventh Party Central Committee's eighth plenum resolution.

#### Nationalistic, Ethnic Conflicts Viewed

BK2902043296 Hanoi Voice of Vietnam Network  
in Vietnamese 1400 GMT 27 Feb 96

[Article by Nguyen Van Toan from "Topical Talk" feature]

[FBIS Translated Text] Mankind is witnessing and facing an unpredictable danger and disaster at the threshold of the 21st century, namely nationalistic and ethnic conflicts. Armed conflicts of a nationalistic character have accounted for 90 percent of all conflicts worldwide for half a century now. Particularly since the mid-80's, nationalistic and ethnic conflicts have been on the rise. The burning flames of conflict are posing a serious danger to peace, stability, and security in the world and a challenge to the survival and development of many nations. In many parts of the world, the burst of nationalistic and ethnic conflicts does not originate from the different levels of social development. The phenomena of the restoration of clans, the revival of nationalistic awareness, and a tendency toward independence, dissidence, and breaking away have become a widespread movement. Under the cover of national independence and sovereignty, ethnic self-rule, and religious interests, chauvinism and nationalistic extremism have been revived, encouraged, and instigated.

There are different forms of nationalistic and ethnic conflicts. They can be of a peaceful nature, like the language conflict in Canada and France. They can also take the forms of armed conflict, civil war, and territorial segregation, as in the Balkans and the Middle East. The scope of these conflicts may vary from among ethnic groups in each country or nation to among countries and nations and even among groups of nations like the Islamic League. These conflicts take different forms and levels of development and have disastrous consequences. Many nations and ethnic groups have been divided. Millions of people have been killed or injured. Tens of millions of people have had to live in crowded refugee camps. Thus, in the post-Cold War era, nationalistic and ethnic conflicts have become one of the world's flash points.

There are different causes leading to the present complicated development of nationalistic and ethnic conflicts. Yet it can be said that the main cause rests with the issues left behind by history.

We all know that the process of development of different clans continued for tens of thousands of years and has taken different forms of community life. Each clan had its own characteristics and traits that made their presence felt in all aspects of social life, and they survived thanks to the unique cultural features of that clan. Through the ups and downs of history, each clan, nationality, and country have had their own historical past based on their own national traditions. The sense of national identity, national sentiments, and national pride and interests have taken deep roots with the passage of time. These are very sensitive and delicate issues. Therefore, even the slightest violations can easily lead to contradictions and the danger of conflicts.

In the 18th century—particularly in the period after the great French Revolution in 1789—clans in Europe developed vigorously and turned themselves into capitalist countries. The birth and growth of Western bourgeois peoples were closely linked with the conquest, extermination, and impoverishment of colored peoples on all continents. After more than two centuries of domination, the civilizing mission of capitalism left behind not only an adverse socioeconomic impact on the peoples of the colonies and dependent nations but also caused very disastrous consequences for the relations between clans and between nationalities. On the one hand, the imperialist countries implemented their policies in colonies by occupying other territories and annexing them to their land without paying attention to factors that had existed for thousands of years, like clan-based territories, culture, customs, practices, psychology, and national interests and traditions.

On the other hand, the parent states carried out their very pernicious divisive schemes and policies aimed at sowing disunity among nations and at fanning up national conflicts and hatred to facilitate their rule and to remove the boundaries between the aggressors and their victims. Nonetheless, the contradictions between the colonialist and imperialist forces and the peoples of the colonies and dependent countries, as well as between white migrants and natives, were aggravated with every passing day.

The first and second world wars waged by capitalism at the beginning of this century also left behind consequences for the relations between clans and between nationalities. After the end of the wars, the winning countries met to divide the territories and colonies of the losing countries among themselves. They also ap-



proved trusteeship rule in the Middle East and Southeast Asia and agreed on a population migration plan under which some 20 million people were sent into exile away from their motherland. The United States, Great Britain, and France continued to divide and rule other nations.

Along with the aforementioned issues, one must mention the fact that the invasion and oppression of one clan against another in history has also left behind adverse consequences and protracted contradictions. One of the important causes of current nationalistic and ethnic conflicts rests with the fact that, in the process of resolving nationalistic issues, many countries have continued to commit repeated mistakes for many years. The nationalities policies of many countries have been affected to different degrees by discrimination based on nationality and race and by religious beliefs of chauvinism, nationalistic sentiments of big countries, regionalism, and individualism. As a result, the rights of ethnic minority peoples are seriously violated and ignored, and ethnic minority peoples are left to suffer from hunger, poverty, and backwardness. Some governments even implemented the policy of repression and nationalistic and ethnic cleansing or condoned reprisals and discrimination based on race. At the same time, some states implemented a policy of assimilation toward ethnic minority peoples. The mother tongue, culture, and ethnic traits were disapproved of, limited, or banned in a bid to impose values set by the outside world. Many countries hastily tried to create national uniformity and homogeneity in an irregular manner similar to cultural colonialization.

Furthermore, the administrations of a number of nations tried to build economic facilities, accelerate population migration, and indiscriminately exploit natural resources without taking into consideration the natural environment, cultural and ethnic customs and practices, geographical features, interests, and the sources of life of local residents, and so forth.

The aforementioned actions of the administrations of some nations violate seriously the right to equality between nationalities, worsen historical nationality and ethnic conflicts, and create conditions for these conflicts to be blown up, thus encouraging a rebellious psychology and extreme national spirit. A noteworthy reality is that nationalistic and ethnic conflicts usually erupt in countries where the administrations have either an inexperienced leadership and management role or are riddled with disunity among leaders, power fighting, autocracy, and corruption. The situation leads to socioeconomic recession or even crisis, an entangled political situation, poverty, and backwardness. Hostile forces and nationalistic extremist groups will then take advantage of the opportunity to use the nationalistic issue for their own

and their groups' benefit, without any consideration for fratricidal wars between fraternal ethnicities or between people of the same ethnicity but different religions.

In studying nationalistic and ethnic conflicts, it is imperative to consider the impact of the modern science and technological revolution, which casts multilateral influences on nationalistic issues. On one hand, different nationalities find a demand to move closer to each other and strengthen their relationship and interdependence, thus creating the trends of regionalization and globalization for the development cause of each nationality. On the other hand, there comes a counter trend of the protection of ethnic cultural heritages, which leads to the burgeoning movement of ethnocentricity and separatism.

The renaissance of ethnocentricity and ethnic consciousness is developing faster than ever before. Peoples are now practicing self-recognition and the consolidation of national characters, interests, and awareness. They also reaffirm national differences, privileges, and demands for nationalistic interests. These are objective and just demands, but they have been deformed to extreme ethnocentricity in many places at present.

The development of the modern science and technological revolution causes the North-South gap to become wider than ever before. A group of developed capitalist nations becomes richer by a geometric progression, while the developing nations become poorer due to the monopoly and manipulation of the developed nations. Starvation, poverty, backwardness, and population growth are also factors leading to nationalistic and ethnic conflicts.

One of the causes of the explosion of nationalistic and ethnic conflicts lies in the current world political background. Since the collapse of socialism in Eastern Europe and the former Soviet Union, the stature and strength of the revolutionary forces have been weakened, thus paving the way for the trends of extreme nationalism, chauvinism, separatism, and partition. Antirevolutionary forces try every way to exploit nationalistic sentiments and psychology and to aggravate ethnic conflict and enmity. The results are dreadful armed conflicts between nationalities and ethnicities, such as those in the Balkans, the former Soviet Union, and so forth.

After the Cold War, the United States and the West have been trying to set up a new world order under the leadership of the only superpower of the world, the United States, and its allies. The United States and the West have exploited and are continuing to exploit, nurture, and support nationalistic and ethnic conflicts, using them as motives for intervention in other countries' affairs and in regions, establishing



the new colonialism as well as its own influences and control over international security. At the same time, the United States and the West takes advantage of the issues of nationality and religion to assist or encourage rival factions for the purpose of suppressing the movements of national independence, democracy, and social progress. They aim to wipe out communist ideology as well as the influences and the existence of communist parties and the remaining socialist nations. They plan not only to wipe out the existing trend of the transition to socialism, but also to destroy the stability of nations that refuse to follow their path.

Together with nationality, the issue of religion is another cause of nationalistic and ethnic conflicts. Ethnic conflict is usually attached closely with religious conflict. Religions become political forces, which are fervent supporters of extreme nationalism, separatism, and acceleration of conflict. The world is witnessing the growth of nationalistic movements with religious motives. Nationalistic and ethnic conflicts under the mask of religion usually carry on fiercely and lengthily, such as the conflict between the Catholics and the Protestants for the past 25 years in North Ireland, between the Muslim devotees and the Hindus in Kashmir for the past half of century, between the Orthodox, Muslim, and Catholic devotees in Bosnia, between the Buddhists and the Hindus in Sri Lanka, and so forth.

Thorough study of nationalistic and ethnic conflicts reveals the conclusion that the explosion of the current conflicts of nationality, ethnicity, and other nationalis-

tic movements bears both historic causes and the direct consequences of the existing international situation. The major cause of the current nationalistic and ethnic conflicts lies with capitalism. Capitalism has been and will continue to be the main agent, both directly and indirectly, causing nationalistic and ethnic conflict. The development of the nationality issue and nationalistic and ethnic conflict reconfirms the correct theory of Marxist and Leninist scholars who say that inequality between peoples and national oppression originate from capitalism. The nationality problems can only be solved by socialism and communism. Capitalism only leads to narrow nationalism and unsolvable conflicts of nationality and ethnicity. Issues arising from national independence, equality, and national reconciliation can only be solved resolutely and comprehensively within the scope of socialism and the revolution of the workers class and the laboring people to eradicate oppression and exploitation.

Dear comrades and friends, the policy on nationality of our party and state in past years has achieved great success. We need to thoroughly understand the principles of Marxism, Leninism, and Ho Chi Minh thought on nationalism and view them against the reality of the revolution of our country and the policy of the great national unity bloc. We should also be active in working out appropriate counteractions to foil all plots and tricks of the enemy, who tries to take advantage of the issues of nationality and religion to sabotage our renovation undertaking.



**Australia****Australia: Separate Polls Show Labor Trailing Coalition**

*BK2602030496 Sydney THE SYDNEY MORNING HERALD in English 26 Feb 96*

[Pollwatch column by Milton Cockburn — received via Internet]

[FBIS Transcribed Text] At the end of the first week of the election campaign, the three major published opinion polls showed a remarkable consistency.

Both Newspoll in THE AUSTRALIAN and the Bulletin Morgan Poll in THE BULLETIN magazine had the Coalition on 54 per cent and Labor on 46 per cent. The Herald-AGB McNair Poll in this newspaper differed only slightly with the Coalition on 55 per cent and Labor on 45 per cent.

Averaging the three polls gave the Coalition 54.3 per cent and Labor 45.7 per cent - a lead of 8.6 percentage points. At the last election, Labor won by 51.4 per cent to the Coalition's 48.6 per cent.

Last weekend, after three weeks of campaigning, the polls were still remarkably consistent. Newspoll and the Morgan Bulletin Poll had the Coalition on 52.5 per cent and Labor on 47.5 per cent. Herald-AGB McNair still had the Coalition slightly ahead - 53 per cent to Labor's 47 per cent. The average of the three polls - 52.7 per cent to 47.3 per cent - gave an overall lead to the Coalition of 5.4 percentage points.

In two weeks of campaigning (that is, in weeks two and three of the five-week campaign), Labor had closed the gap on the Coalition by 3.2 percentage points. For Labor, the polls are clearly moving in the right direction but the rate of movement will have to accelerate over the final two weeks of the campaign in order to overtake the Coalition on March 2.

This weekend's round of polling, to be published on Monday (Herald-AGB McNair Poll), Tuesday (Newspoll) and Wednesday (Bulletin Morgan), will tell whether the polls confirm pundits predictions that the Coalition's campaign has stalled.

Marginal seat polling has again been a feature of polling this week, particularly in this newspaper.

A Herald-McNair Poll of 1,000 voters in the Brisbane electorate of Lilley found a 6 per cent swing against the sitting Labor MP, Mr Wayne Swan. With a margin of only 6.2 per cent, this means Mr Swan will be struggling to hold his seat. Only Labor's superior campaigning skills in local electorates would help Mr Swan hold on.

If such a swing was typical of Queensland, as many Labor strategists fear, the Government could lose up to nine seats in that State.

This finding is consistent with a Quadrant Poll for THE COURIER-MAIL in Brisbane. Polling 900 people across the three electorates of Dickson, Hinkler and Leichardt, Quadrant found an average 8 per cent swing to the Coalition, a swing described by Quadrant's Mr Ian McNair as "remarkably consistent" across the three electorates.

Another Herald-AGB McNair Poll in the NSW electorate of Page had some mixed news for Labor. Labor is struggling to hold on with the poll finding a two per cent swing to the Coalition. This swing would be enough to unseat Labor's Mr Harry Woods, who won it by only 193 votes at the last election, but is probably small enough to give Mr Woods hope that he can still hold on with a vigorous final two weeks of campaigning.

**Australia: Poll Shows Opposition Lead Over Labor**

*BK2702075796 Melbourne Radio Australia in English 0500 GMT 27 Feb 96*

[FBIS Transcribed Text] The prime minister, Paul Keating, says the Labor Party Government is catching up on the opposition coalition despite the latest public opinion poll extending the opposition's lead.

The latest news poll published in THE AUSTRALIAN newspaper shows support for the Liberal-National party coalition standing at 54 percent compared to Labor's 46 percent rating on a two-party preferred basis but Mr. Keating has told a big union rally in Brisbane the government's prospects are good.

**Australia: 'Poll of Polls' Shows Ruling Party Behind**

*BK2802030596 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 28 Feb 96*

[Report by Nina Field — received via Internet]

[FBIS Transcribed Text] The latest AUSTRALIAN FINANCIAL REVIEW poll of polls shows that it could be all over bar the shouting for team Keating, after a poor showing in week four of the campaign left them stranded 5.5 points behind the Coalition.

Despite what was perceived as a punishing week for the Coalition captain, the Keating team did very little, actually backsliding ever so slightly in week four, dropping about 300 votes a day on the poll of polls measure.



The Labor Party now needs to pick up 1.8 percentage points or more than 200,000 votes a day in the remaining three days of the campaign to bridge the 5.5 percentage point, two-party preferred gap.

This is certainly a ridiculously high political run rate for any party, seasoned or not, and the Howard team has a right to be feeling very confident after a strong performance by its captain in the last debate and a relatively gaffe-free campaign.

But with the proportion of undecided voters still very high, even the kind of turnaround the Labor team needs is by no means completely off the planet — especially considering that the poll of polls measure in the 1993 campaign was 1.4 points out on the final two-party preferred margin the day before the election.

Even the managing director of Newspoll, Mr Sol Lebovic, whose poll showed the two-party preferred gap increasing from 5 points to 8 points in the Coalition's favour, was not prepared to declare the game over yesterday.

Mr Lebovic said the polls had been recording a significant protest vote during the campaign and, with Australians trying to pick the "lesser of two evils", the mood could change, and change quickly, over very small issues.

So the feisty Coalition captain could be chortling to himself as he watched his bowlers polish up victory speeches for the next three political overs one minute, and backing down from super sixes the next, as Labor launched a last-man stand of gargantuan proportions.

Stranger things have happened.

#### **Australia: 'Hung Parliament' in Tasmania Reported**

*BK2502104896 Melbourne Radio Australia  
in English 0600 GMT 25 Feb 96*

[FBIS Transcribed Text] With just five days of campaigning remaining for Australia's national election, the country's two major parties are treating the surprised results of a state poll with caution. The island state of Tasmania has a hung parliament, with both the ruling Liberal Party and the Australian Labor Party taking 15 seats each, and the environmental party, the Greens, taking three.

The shocked swing away from the Liberal Party has provided a psychological boost for the Federal Labor Party and Australia's Prime Minister Paul Keating, who's been lagging in opinion polls. A spokesman for the prime minister says it's a satisfying result for

Michael Field and the Tasmanian Labor Party, but it was an election at the state level about state issues.

Despite the Liberals dropping nearly 13 percent in their state vote, the party's federal director, Andrew Rob, doesn't anticipate any lingering effect at the federal poll.

The prime minister, Paul Keating, and the leader of the opposition coalition, John Howard, are to meet for a second and final televised debate on election issues later today.

### **Papua New Guinea**

#### **Papua New Guinea: World Bank Team Departs Amid Dispute**

*BK2902104596 Sydney THE AUSTRALIAN  
FINANCIAL REVIEW in English 29 Feb 96*

[Report by Rowan Callick — received via Internet; all currency given in Australian dollars]

[FBIS Transcribed Text] A World Bank team yesterday flew out of Port Moresby after communications broke down with the Papua New Guinea [PNG] Government over a \$478 million economic rescue package.

This development will provide a newly elected Australian government with its first major foreign-policy challenge. Australia is PNG's major aid donor at \$325 million per year and has been a strong supporter of the World Bank's recipe for PNG social and economic rehabilitation.

In an extraordinary move, a senior PNG government official, Mr Morea Vele, wrote on Monday to the bank team's leader, Mr Pirouz Hamadian Rad, and said PNG did not wish to continue talks with the team over the implementation of its structural adjustment program, and it might as well leave.

Australia has already contributed a \$70 million loan to the first tranche of this program. The release of the \$210 million second tranche is conditional on adequate implementation of agreed policies.

And Australia could call back its loan if it felt such conditions had not been met.

Mr Vele, a former head of the Finance Department and former high commissioner to Australia, wrote to Mr Rad — who has visited PNG a number of times in the course of the negotiations — saying that his "state of mind" had not been conducive to positive outcomes, and that he appeared to be subject to "mood swings".

Prime Minister Sir Julius Chan told Parliament yesterday that the claim that the bank team was being forced to leave was "totally unfounded". And the Minister for



Finance, Mr Chris Haiveta, sought to refer ABC [Australian Broadcasting Corporation] journalist Mr Sean Dorney and the editor of PNG daily newspaper The National, Mr Frank Kolma, to the parliamentary privileges committee over their reporting of the issue.

The Government insists that it wishes to maintain its dialogue with the bank, but through more senior officials in Washington. Sir Julius said earlier that he would not let the bank or anyone interfere with PNG's sovereignty.

But Ms Marianne Haug, director of the East Asia-Pacific region of the bank, who was in Australia earlier this month, was outspoken in her concern over the Government's failure to implement key areas of the agreed program — to which the IMF, Asian Development Bank, Japan and Australia have contributed, as well as the World Bank.

Her superior, bank vice-president Mr Russell Cheetham, an Australian agronomist and economist, was responsible for negotiating the previous such program with PNG, in the late 1980s, following the outbreak of the Bougainville rebellion. The program was not implemented as agreed by the then PNG Government.

The bank team, which arrives in Canberra today for discussions with AusAID, Treasury and the Department of Foreign Affairs and Trade, was in PNG for almost 10 days. Last Friday, Mr Rad wrote to Mr Haiveta outlining the bank's concerns about the Government's failure to act in accord with the program it agreed last August.

These concerns included:

The move by the Government to amend the Forestry Act to grant all approving powers to the Forests Minister, who has called for six major new forestry projects to be established — although yesterday Mr Haiveta offered to defer this plan

The failure to improve the delivery of Government health and school services, with, for instance, the Port Moresby hospital running out of X-ray film

Inadequate progress with trade liberalisation

The granting of a 6.5 per cent wage rise to public servants, half backdated for more than a year, with expatriates receiving a 30 per cent rise to compensate them for devaluation, and the failure of plans to reduce the number of bureaucrats by 3,500.

The bank has also expressed concern about the Government's failure to facilitate the delivery of more of its resources through the churches' extensive rural education and health networks. The team held meetings in Port Moresby with the churches and other NGOs [non-

governmental organizations] to discuss the development situation.

The bank team was told that meetings would be arranged with Government leaders, including the Prime Minister. But the meetings did not take place. An IMF team which gave conditional approval to PNG's progress based on macro-economic data, had, however, met with Sir Julius.

#### **Papua New Guinea Rebels Raid Refugee Camp in Northwest Bougainville**

*LD2602101296 Melbourne Radio Australia  
in English 0800 GMT 26 Feb 96*

[FBIS Transcribed Excerpt] Separatist rebels on the Papua New Guinea island of Bougainville have raided a refugee camp in the northwest of the island, killing a commander of the local militia and two civilians, one the wife of a chief. The attack was blamed on rebels of the Bougainville Revolutionary Army, the BRA. Sean Dorney reports that the representative of the militia on the Bougainville Transitional Government claims the attack is another blow to peace efforts on the island.

[Dorney] The leader of the Bougainville militia, or, as it's known locally, the resistance, Sam (Akotai), says his commander at Kunua on the northwest coast of Bougainville was shot dead by a BRA raiding party which (?surrounded) the camp and attacked at dawn yesterday. He claims the rebels deliberately targeted civilians, including a mentally retarded man and the elderly wife of a northwest Bougainville chief. [passage omitted]

Mr. Akotai, who was at the Cairns peace talks in December, says the hopes raised then are evaporating.

#### **Papua New Guinea: Curfew Imposed in Northern Bougainville**

*LD2802095696 Melbourne Radio Australia  
in English 0900 GMT 28 Feb 96*

[FBIS Transcribed Text] Papua New Guinea authorities have imposed an overnight curfew throughout Buka Island and parts of the northern tip of Bougainville following reports that BRA [Bougainville Revolutionary Army] rebels are only 10-km from Buka Town. Reports from Buka say the curfew will be in place for an indefinite period.

The North Solomons provincial police commander, Chief Inspector Joel Keane, said he had received reports that there had been a build-up of BRA rebels in northern Bougainville. He said reports had indicated that eight heavily armed rebels had been seen at Taiaf Island, which is less than 10-km from Buka Town. Chief Inspector Keane said police and security forces based on Buka were on standby.



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